

# Nation's Business

**The 70's:** What's coming in business, politics, labor and international affairs

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MAKE MORE

—EXCLUSIVE  
REPORT



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**Oldsmobile: The great escape from ordinary fleet cars.**

**GM**

WORD OF EXCELLENCE

# Nation's Business

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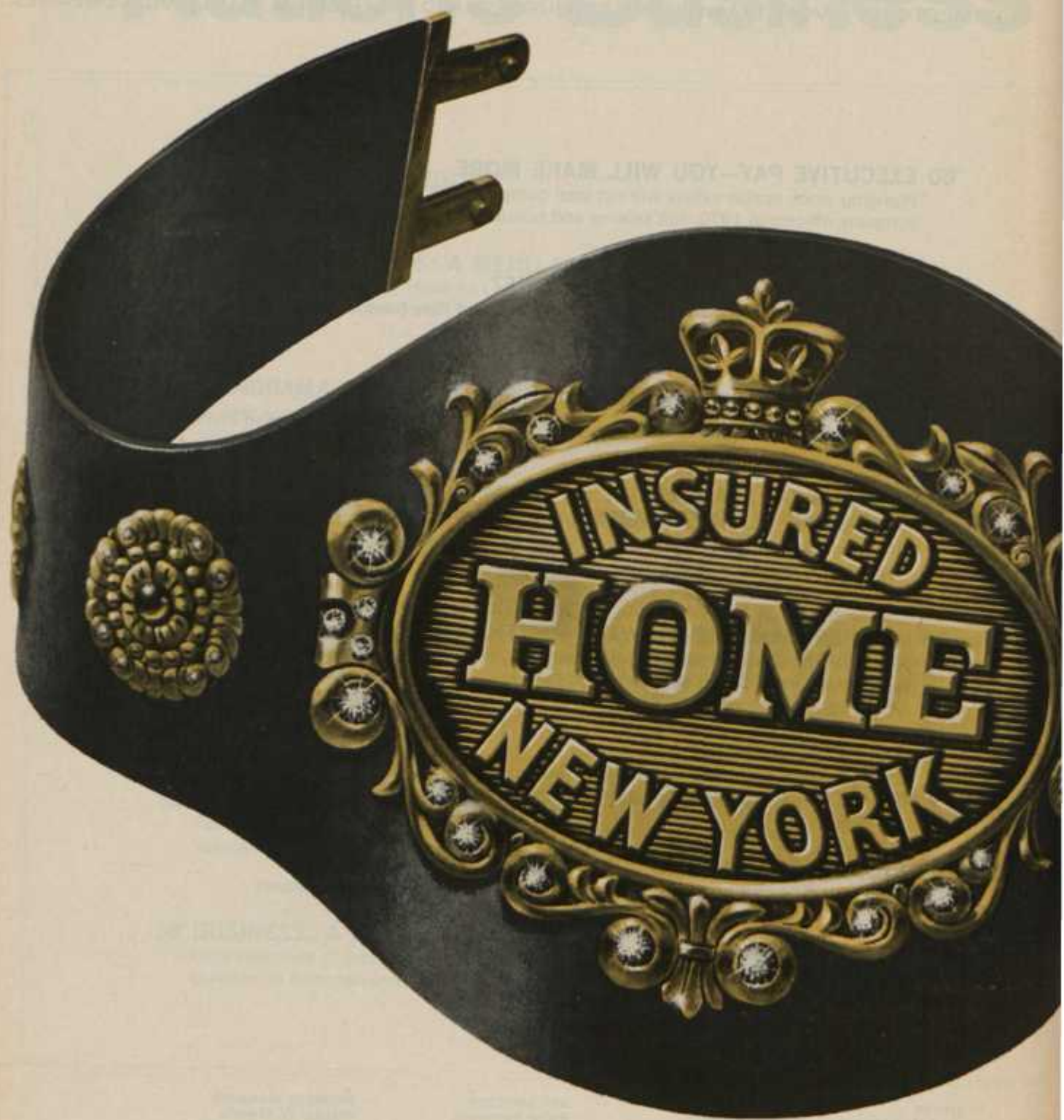
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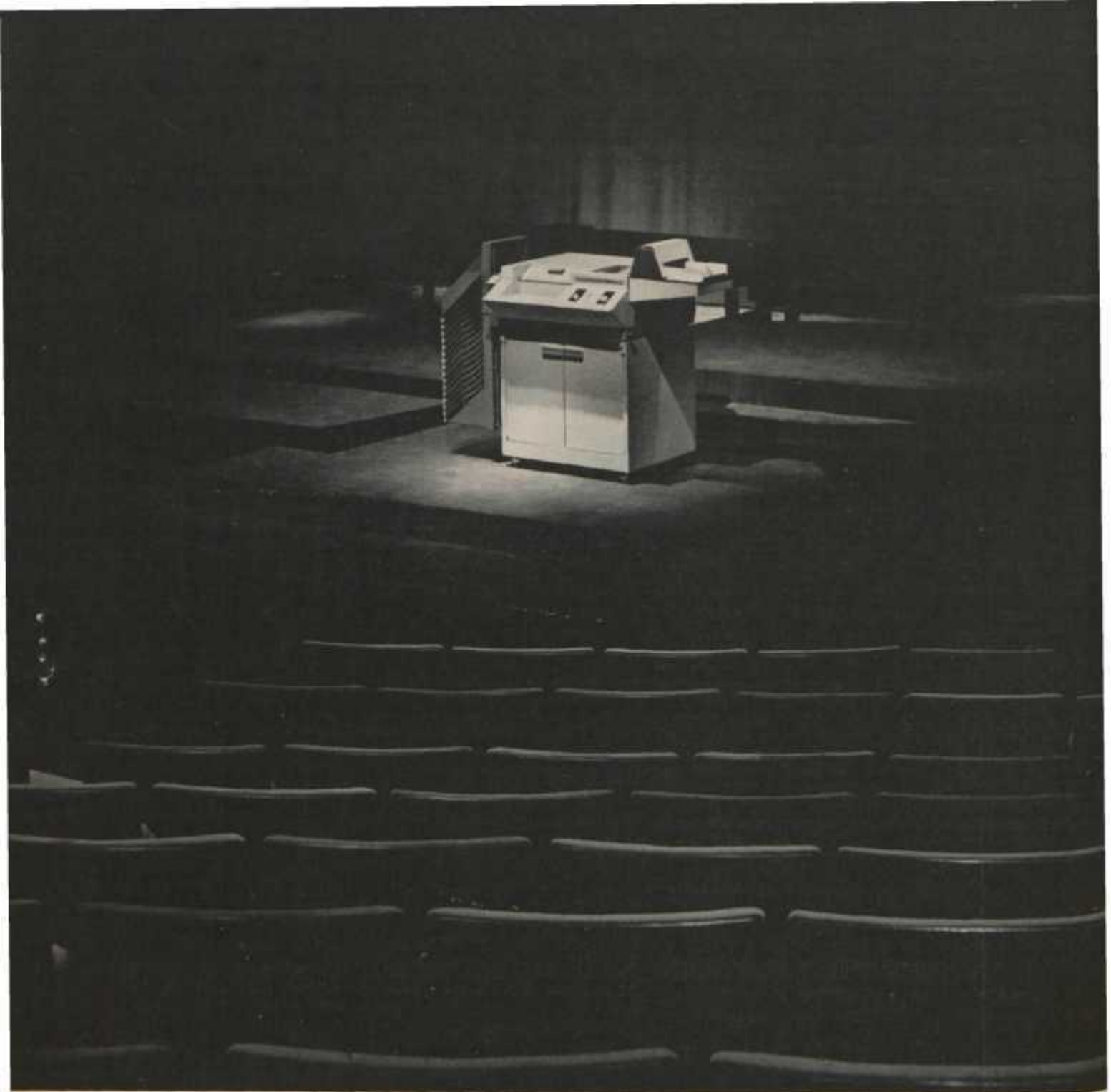
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# MEMO FROM THE EDITOR

NATION'S BUSINESS  
PUBLISHED BY  
THE CHAMBER  
OF COMMERCE  
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WASHINGTON, D.C.  
20006

You may have heard the comment, as we have, that business does a lot of talking about social problems—but that it's just talk, that nothing really happens.

Well, that's not so. Businessmen, companies and their chambers of commerce are doing plenty besides talking. You've read about many of these efforts in *Nation's Business*, and you'll be reading more.

Starting this month on page 18, we are introducing a new monthly feature called "Panorama of the nation's business." It will report unique, important things being done by companies, large and small, across the country.

Some of them, of course, will be management developments, some will be unusual marketing techniques, some will be new wrinkles in service. But a great many undoubtedly will report on business involvement in today's big problems.

This month, for example, there is AT&T's effort to tackle environmental obstacles and U. S. Steel's unique approach to housing. While they are hardly typical, both these efforts illustrate business involvement.

Deep involvement of local and state chambers of commerce in the same kinds of problems was evident in the just-concluded Urban Action Forums in 15 cities, cosponsored by the Chamber of Commerce of the United States.

• • •

Maybe you also have heard it asked, as we have, why business and chambers are concerned about social problems.

The answer is simple, according to National Chamber President Jenkin Lloyd Jones. It's a matter of preserving what we regard as the free enterprise system:

"Business is lousy in a chaotic society. Business eventually stagnates in an unjust society. Business ceases to be productive in a society that proceeds along economic theories that are untenable and unworkable

regardless of the amount of idealism involved in the construction.

"This doesn't mean that the Chamber of Commerce in any respect has lost its business orientation. But it does mean that it is basing its entire program on the proposition that the price of survival is bold and innovative thinking."

• • •

The success of the Forums will be measured by what happens from now on. Perhaps the experts who appeared at each workshop planted some seeds of ideas that will result in solving the problems of housing, crime, manpower development and education. Certainly, the National Chamber learned a great many things that are being done at the local level, and that's where the payoff will be—at the local level.

• • •

You may also have heard it asked, as we have, whether the job can really be done at all. Aren't the problems too big even for government, business and all the other people of goodwill to solve?

No, says Arch N. Booth, the National Chamber's Executive Vice President. All we need are four basic tools—the will to do the job, the mechanism, money and political action. Mr. Booth points out that the job will be tough and long-lasting, so that determination is essential. As for the mechanism, the natural agency for action in each community is the local chamber of commerce. It is already in being and able to get the job done with financial and other support from the business community. Some of the problems obviously will require government cooperation, so political action—in the party of your choice—will be necessary to get the right government programs.

Fortunately, government at this time is seeking the



*Businessmen explore problems in an Urban Action Forum.*

cooperation of business. The most recent evidence is the formation of the Voluntary Action Program by Secretary Romney of the Housing and Urban Development Department. It's designed to bring about a working partnership between business and government.

• • •

You can get an idea of how important political action will be from the article beginning on page 34 on "Politics in the 70's." Most political leaders believe that urban problems will be among the major issues of the next decade and beyond. Along with this article, we're sketching possible developments in business, labor and foreign affairs in the 70's. It should be an exciting period.

• • •

Once in a while a study comes along that becomes something of a classic in its field. One of these is the Sibson survey of executive compensation. Mr. Sibson, who heads a large consulting firm, has established and

developed this study so that it has become a guidepost to business generally. Nation's Business is fortunate to have obtained exclusive rights to publish material from the survey, and we think you'll find the report, beginning on page 60, useful over a long period of time as well as interesting to read. I'd bet it winds up in many desk drawers to be consulted by people getting or giving raises.

• • •

On a less comfortable subject—so-called consumer dissatisfaction with business—we turned to Mary Gardiner Jones, a member of the Federal Trade Commission, for her assessment. The FTC, which polices unfair and deceptive business practices, is deep in the consumer controversy. Miss Jones interestingly feels that business can solve a great many of the problems itself and is already at work doing so.

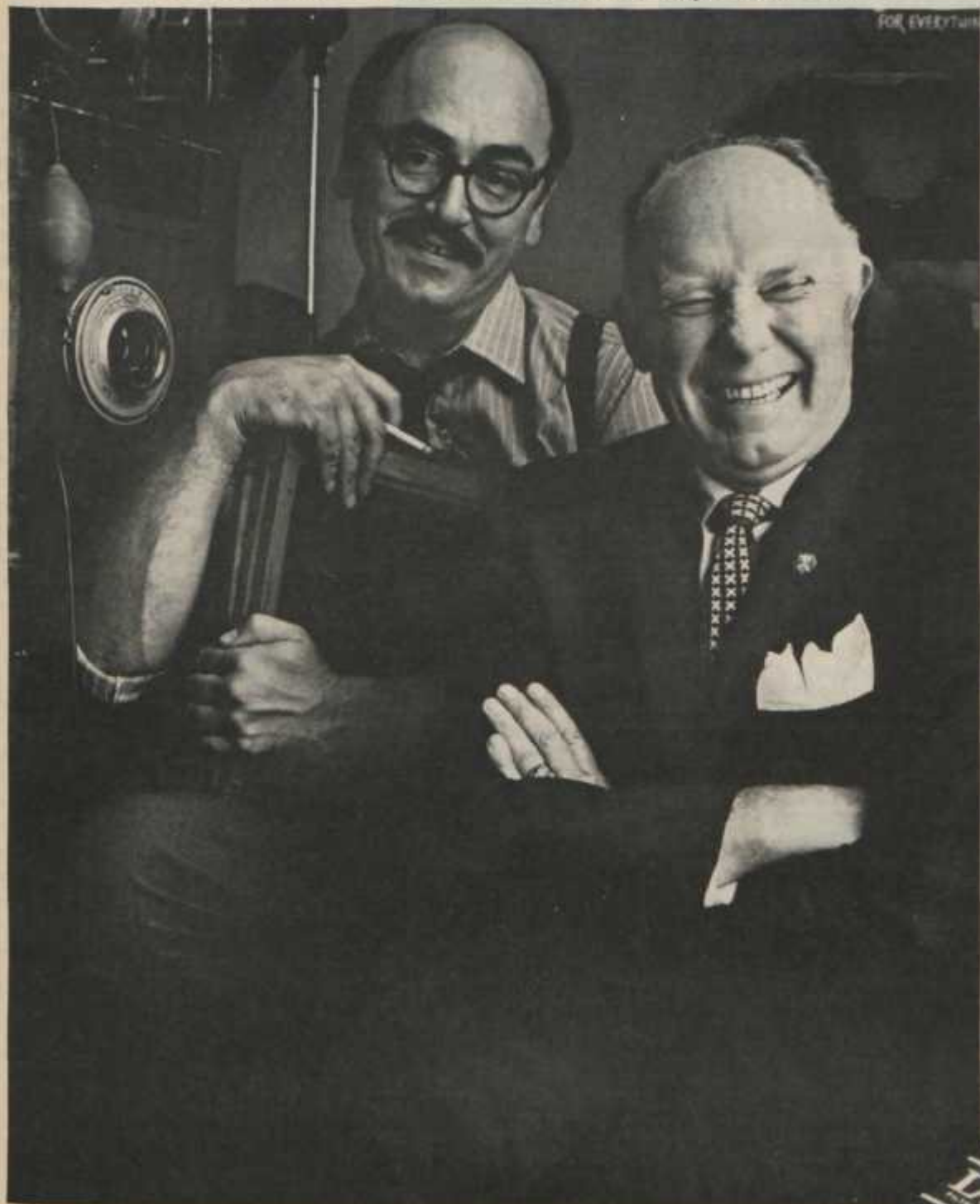
And Miss Jones doesn't speak only as a government official, but also as a woman who does her own shopping. You'll find a picture of her in a Washington supermarket on page 52.

*Jack Woodbridge*



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about Lark's Gas-Trap<sup>TM</sup> filter.

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Finally, tell him Lark's unique gas reduction gives Lark a uniquely smooth and easy taste. He'll appreciate that. You can bank on it.



# NoTax

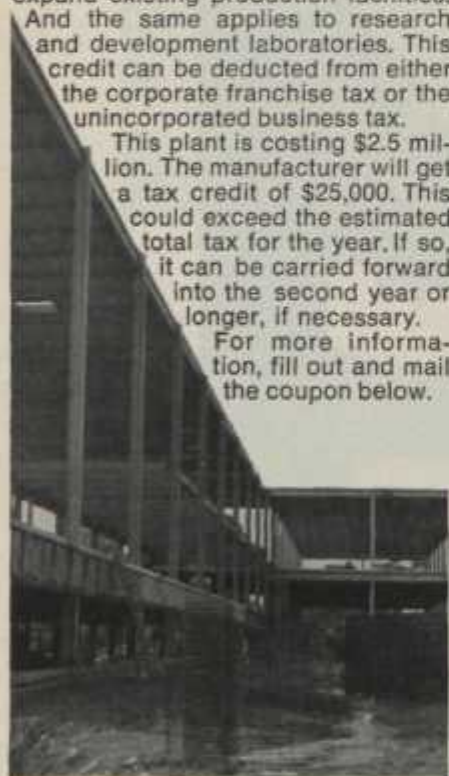
## New York kills corporate tax on this new plant for a year

A New York State manufacturer is building this plant in the Hudson Valley. He expects it to show a profit within a year. But he won't be required to pay state corporate franchise taxes for at least one year (except for \$100 annual minimum).

New York State's newest tax benefit provides a one percent tax credit for manufacturers who build and equip new plants, modernize or expand existing production facilities. And the same applies to research and development laboratories. This credit can be deducted from either the corporate franchise tax or the unincorporated business tax.

This plant is costing \$2.5 million. The manufacturer will get a tax credit of \$25,000. This could exceed the estimated total tax for the year. If so, it can be carried forward into the second year or longer, if necessary.

For more information, fill out and mail the coupon below.



Commissioner Neal L. Moylan  
N.Y. State Dept. of Commerce, Room 316  
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## LETTERS

## A DOZEN BIG STATES CAN ELECT A PRESIDENT

• Re your article, "The Popular Vote Is Popular" [September]. The founding fathers had originally expected that electors would only nominate worthy candidates and that most often the actual election would take place in the House, where each state would have one vote, thus giving small states a tremendous advantage. But with the use of the two-party system this only occurred in two early Presidential elections.

As the system now operates a voter in the state of New York has 3.312 times more power at the polls than a voter in Delaware. This phenomenon is fully discussed and analyzed by Prof. John Banzhaf III in *The Villanova Law Review*, Winter, 1968.

The 12 largest states in the nation can elect a President even if he carries no other state.

This information should certainly dispel the notion that small states are somehow "losing" power by switching to another method of electing a President.

MARILYN SHER  
Electoral College Chairman  
League of Women Voters  
Metropolitan Dade County  
Coral Gables, Fla.

• The Constitution was adopted to protect the rights of a minority, since the majority can impose their will on the minority. Under the proposed

change, the voice of the minority would be stilled. Although your article refers to a democratic form of government, the United States is supposed to have a republican form of government, where the rights of everyone are supposed to be taken into consideration. The popular vote for President will make it only easier for the President's chair to be stolen by the corrupt big city vote.

ELTON A. DARSEY  
Attorney  
Houma, La.

### A black Horatio Alger

• You portray Maurice Stans [September] as supersalesman for the U. S. He is indeed a good salesman, but he shows little knowledge of American history when he states: "You know, what minority people really need is a Horatio Alger. I think we can be an information bank of success stories."

Unknown to Mr. Stans is the fact that black Americans have had a Horatio Alger of their own for over 80 years. Booker T. Washington's "Up From Slavery" is an autobiography that puts old Horatio to shame. Up until 1967 the majority of American blacks believed in Booker Washington's philosophy of hard work and faith in the American system. The fact is, however, that conservative

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white America is unwilling to admit any black man into the mainstream of society.

PETE BASTIAN  
St. Louis University  
St. Louis, Mo.

#### Editor's note

• In the article "Key Executives' Forecast: When Business Will Turn Up" (October) the captions identifying two of the executives quoted



Mr. Wood

Mr. Lucier

were inadvertently transposed. With apology, here are the correct identifications of J. Harry Wood, president, Home Life Insurance Co., New York, and Continental Telephone President P. J. Lucier.

#### Youth speaks out

• I was extremely disheartened when I read some of the views expressed by your readers in the September "Sound Off" column. I felt that those who expressed their opposition to 18-year-olds voting were terribly uninformed. Some even suggested that all of us between the ages of 18 and 21 smoke pot, partake in riots, and are a liberally dangerous fragment of today's society. What they fail to realize is that the news media only focus attention on these particular segments because people are only interested in the exciting news.

Did the readers who expressed such views ever see pictured in the newspapers, or hear on the radio, or see on television, the college students who graduate from their respective colleges or universities magna cum laude? I tend to doubt it, judging by their responses. Or did they ever read or hear about students who worked "like dogs" to put themselves through college? No, they only know of the hippies, yuppies and draft card burners. Hence, they automatically use these criteria to stereotype the other part of today's American youth, which is in excess of 90 per cent.

Then one reader even had the gall to say: "Not until they contribute to education, pay taxes, build a few

## Our big group believes your small group should have big business insurance protection.

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## LETTERS

*continued*

churches, schools, etc. Let them invest before they manage." Each month, youths are called upon to invest not money, but their lives in this country. I sincerely hope that a monetary value has not been placed on human lives.

My thanks go to you, if you've read this far, for listening to one of the "immature" youths. I enjoy reading NATION'S BUSINESS very much; I feel it affords me an abundance of knowledge concerning America's business. I would also like to say that your readers who expressed confidence in today's youth are the ones whom the youth will respect the most.

RICK R. REDING  
Marquette University  
Milwaukee, Wis.

### Engineering a bore?

• I found your article, "Bum Steering About Engineering," (September) basically factual but lacking in perception.

In my view, the main reason for the recent lack of enthusiasm in the engineering profession is primarily due to the "feedback" young people receive from older graduate engineers.

This "feedback" constitutes a paradox in the engineering environment. The brightest students gravitate to engineering (for many years the most difficult undergraduate curriculum in academia). In general, these students are also very socially aware and interact well with people. The paradox develops because the engineering profession for the most part requires a man to spend long periods of time alone—writing, reading and just sitting at his desk. This can bore a dynamic person to death.

I speak from personal experience. I switched to technical sales and marketing from the engineering profession, and I know a number of former engineers who are now stockbrokers, physicians or lawyers. I do agree with the author, Buell Whitehill, that much interaction is necessary in today's engineering environment. However, can you compare this level of social contact with the contact required in professions such as law, medicine and investment counseling?

DENNIS A. KIRSHY  
Eastern Regional Representative  
Codey Corp.  
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Accurate time records and proof of compliance are mandatory for all companies subject to the wage-hour law. More and more companies are finding it pays to avoid wage-hour trouble with clock-stamped payroll time records. A bonus benefit is that resulting employee respect for time discipline shows up in increased production!

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## EXECUTIVE TRENDS

By John Costello  
ASSOCIATE EDITOR

### Digging a grave with knife and fork

"I'll start off with shrimp cocktail. Then filet mignon, wrapped in bacon, and asparagus hollandaise. And, for dessert, strawberries with whipped cream."

Does that menu sound familiar?

An awful lot of executive lunches are like that, Dr. William Schoen, a nutrition authority, points out.

"Unfortunately," he says, "they're loaded with one item executives should avoid like the plague: Cholesterol."

"It's first on the list of risk factors linked with heart attacks."

Heart disease kills 500,000 Americans every year. In the United States and other industrial countries it's the No. 1 killer.

"Add high cholesterol to overweight—even 20 per cent—and an executive doubles the risk of a heart attack," Dr. Schoen says. "Pair it with high blood pressure, and the risk is eight times as high."

In his new book, "The Executive Diet," the doctor says diet is "the key to a low cholesterol level." He adds: "You don't have to eat rabbit food to dine safely. Just follow a few simple rules:

"Order juice or fresh fruit cocktail instead of shrimp, paté or egg salads.

"Substitute fish, chicken, turkey for meat. If you can't, stick to veal or lean beef.

"Vegetables are okay, if not fried or

## A MENU FOR LIVING

- THE PAPER WORK WAR
- WOOING EXECUTIVES
- WHEN WINTER COMES
- FLEXIBLE FUNDS FLY

served in thick sauce. So is bread. And for dessert, stick to gelatin, puddings made with skim milk, fruit or angel cake."

The book also has a list of French and Italian culinary terms—and what they mean in English. Helps you to sort out beans (*haricots* or *fagioli*) from peas (*petit pois* or *piselli*). Or snails (*escargots* or *lammacha*) from shrimp (*crevettes* or *scampi*).

Publisher: Corinthian Editions, Inc., \$1.95, paperback.

### Want to pep up the sales force?

Then you might try a *gasshuku*.

Canon U. S. A., Inc., did and it was a howling success.

Canon is the American subsidiary of a Japanese manufacturer of electronic calculators and other business machines, Canon, Inc. Unlike many office machine makers, it sells its products through independent dealers, rather than its own sales force.

Canon invited its dealers—and their wives—to a four-day, expenses-paid weekend at the Playboy Club Hotel, Lake Geneva, Wisc.

While husbands worked at daytime sales meetings, wives swam, played bridge or otherwise relaxed. At night, Canon played host to both at cocktail parties, dinner parties, hay rides and cookouts.

*Gasshuku* is an old Japanese business custom. Roughly, it means a get-together to share ideas, food and drink.



Some 145 dealers showed up.  
Typical comment: "I've sold office machines for years. But no one ever treated me like this. You can guess what make I'll push."

### Winning the war on paper work

Last year, in New York City alone, banks handled \$3.5 trillion worth of checks.

That's a lot of dough.

And it's also a lot of paper.

It points up what you may already know. Namely, that we have more people shuffling paper than farming farms.

One of every seven employed Americans does paper work. Paying them takes up 73 per cent of the average office budget. William I. Thompson, president, Oxford Filing Supply Co., says equipment and supplies account for another 14 per cent of that budget, and space for the workers and what they work with, 13 per cent.

Here are two ways you can cut those costs:

- Speed up filing, which can be one of your worst bottlenecks. Oxford has a 50-cent, 34-page "Guide to Filing Efficiency" that should help.
- Reduce wasting of time.

"White collar workers spend at least 17 per cent of their time just talking or walking around," says James H. Duncan, president, Science Management Corp.

"And they waste 28 per cent of their time through plain inefficiency.

"You can improve performance 10 to 30 per cent with good work measurement and control systems."

### How to woo and win executives

Looking for a new sales manager or personnel director?

Or a production ace or marketing whiz?

Lots of others are, too, one executive recruiter comments.

Most executives are 35 to 45. And that age bracket is shrinking. In 1963, it took in 12.4 million men. Last year, it included only 11.6 million. And in 1974, a mere 11 million will be in it.

Add women, and the figures double. But for one reason or another, few executives will wear skirts in the near future.

If you're looking for executive talent, says Roger K. Williams, vice



## Who's afraid of the big bad receivable?

Who isn't? If it's big enough and bad enough, it can wipe out your profits for a month or a year. Or forever. With more and more of your working capital also at stake, stop asking for trouble. Cover your company's receivables, and its future, with American Credit Insurance®. Costs little. Can save plenty . . . including your shirt. We've been saving them since 1893.

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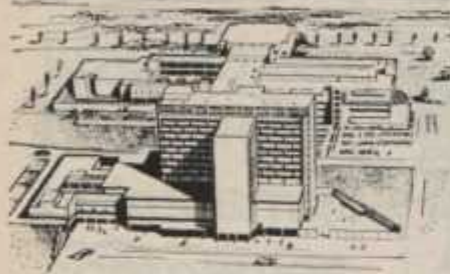
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# ANALYZE

## San Antonio's \$100 Million "Medical City"



America's 13th largest city is on the threshold of becoming one of the world's largest medical centers.

The emerging 683-acre South Texas Medical Center will encompass a \$100 million "medical city" . . . employing more than 10,000 people. This spectacular complex includes the University of Texas Medical, Dental and Nursing Schools, a Teaching Hospital, America's first nuclear-age hospital and virtually every conceivable kind of medical facility and school. The \$24 million, 760 bed Veterans Administration Hospital is in the final planning stage.

In the early 1970's, San Antonio will have a total hospital complex value of one-quarter billion dollars . . . and its burgeoning population (now in excess of 800,000) will have 12,000 hospital beds.

San Antonio offers a "healthy" market for your science-oriented industry.



Free Brochure

Write for San Antonio Plant Location Facts on your letterhead in confidence to: D. W. Sommers, General Manager

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## EXECUTIVE TRENDS

*continued*

president, Billington, Fox & Ellis, Inc., here are some basic rules to follow:

- First, prescreen the candidates to get the best.
- Then, talk to the man you choose face to face.

You can't be sure—if he's just a resumé on paper, or a voice on the phone. But don't forget, he's busy, too. You may have to rendezvous out of town.

- Be hospitable, if he visits you.

Meet him at the airport; line up transportation from his hotel to your office. It helps put you in a good light.

- Have a plan for the visit.

If he'll tour the plant or meet your management team, lay out a schedule. Have an articulate supervisor show him around the shop. And fill in your staff on his background. Keeps him from answering the same questions a dozen times.

- Follow up.

If he's not for you, say so tactfully, soon. If he is, invite him back with his wife, if they're from out of town. Maybe your wife can show his missus schools, real estate, while you two negotiate.

- Tell it like it is.

Don't misrepresent the job. Have a detailed breakdown of its duties and responsibilities. Be candid about problem areas. A good executive welcomes the chance to solve 'em.

- Talk turkey about pay.

If you've prescreened well, he's in your price range. But try to put together a package—salary, stock options and other compensation—that fits his needs.

### Ready for the ice and snow?

Your building manager had better be.

"Get the equipment and manpower you need before the first snow storm," a voice of experience warns.

"Once the snow begins to fall, it's too late," says Morton A. Sweig, president, National Cleaning Contractors.

"You need four basic tools for a quick, thorough job: a snow pusher, a wide curved blade with a wood han-

dle; an ice chopper and snow shovel, and rock salt.

"If your building has a large sidewalk area, the snow pusher should be motorized."

Mr. Sweig adds that, "Our policy is to keep on hand enough salt for two 24-hour storms."

If it's a sleet storm, "apply lots of salt at once," he recommends. But not if it's snow: "Wait till the snow's removed."

He suggests keeping clear a four-foot path around your building perimeter. That gives pedestrians a place to walk, and keeps them from packing snow down so hard that it's difficult to remove.

Nearly all cities have some ordinance on snow removal.

In New York, you must get your walks clear four hours after the snow stops falling—or by 11 a.m. if it snows overnight.

### Making money in a bear market

A few mutual funds did. Here are the top 10 performers Kalb Voorhis & Co. lists for the six months ended Sept. 30. Three were on the top 10 list compiled three months ago: Technology Fund, First Investors and Industries Trend.

The secret of the top 10's success? "Size—they're mostly small—and flexibility," Kalb Voorhis says.

Here are those—of the 211 funds on which it keeps tab—which fared best when the Dow Jones Industrial Average went from 935.48 (March 31) to 813.09 (Sept. 30)—down 15.1 per cent. Performance includes reinvestment of capital gains distributions for the six months.

Assets in millions		Per cent increase
\$5.6	Investors Research	+15.5
\$629.5	Technology Fund	+9.8
\$33.1	First Investors	+7.1
\$96.9	Industries Trend	+7.0
\$18.8	Whitehall	+6.1
\$14.7	Stein, Roe Capital Operations	+5.8
\$525.5	T. Rowe Price Growth Stock	+4.9
\$9.7	Florida Growth	+4.7
\$27.3	Canadian Fund	+4.4
\$762.5	National Investors Corp.	+4.2



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# PANORAMA

of the nation's business

by  
Vernon Louviere  
Associate Editor

## At AT&T—Tackling Today's Problems



Walter Straley heads up new team of urban trouble-shooters.

As so many business enterprises—big and little—have discovered, you can't lick the hydra-headed urban problem by pretending it isn't there and fleeing to the suburbs.

Take American Telephone and Telegraph Co. With its tremendous investments in people and property in central cities it obviously has to find ways to relate to the environment in which its services are offered.

In what may be a unique approach to solving urban-related problems, AT&T has set up a department of environmental affairs to tackle everything from pollution to high turnover among nonwhite employees.

It has brought in men from its 23 operating companies to form a team of specialists in urban affairs which initially will see what can be done to improve recruitment and training of Negroes in entry-level jobs. Picked for the job of top urban trouble-shooter: Walter W. Straley, a 35-year

Bell System veteran who rose from clerk to vice president.

"The Bell System is superb in its handling of technological, logistical and statistical matters," Mr. Straley notes. "But quite like other business institutions, we sense that we are running into human problems that a generation ago would have been labeled as minor."

The Straley team has its work cut out. Today, about 70 per cent of AT&T's new hirings are taking place in big cities. In Washington and New York three out of four new employees are black or Puerto Rican and turnover has reached 50 per cent and more.

Attention is being focused on education and job training. Walter Straley may be able to draw heavily on one of his extracurricular activities. He was a member of the New York City Board of Education during the 1968-69 teacher strikes and school decentralization imbroglio.

## At U. S. Steel—Innovative Housing

United States Steel Corp. is a good example of how some American companies are taking up the challenge of the times by bringing the problem-solving skill of competitive enterprise to bear on critical national problems.

In this case, U. S. Steel is using its resources, know-how and manpower to tackle the serious shortage of housing in urban areas, where the need is greatest.

In Gary, Ind., a 550-unit housing development is being built on a 48-acre oak-covered, undeveloped site on the southwest side of the city. The property is jointly sponsored by U. S. Steel and the Urban League of Gary.

In Pittsburgh, Pa., the company joined Jones & Laughlin Steel Corp.



Edwin Gott says competitive enterprise can do the job.

in preparing a feasibility study for developing some 2,800 units of new housing for middle- and low-income

families on a 318-acre tract in Pittsburgh's Glen-Hazel district.

Commenting on his company's entry into the real estate business on a grand scale, Chairman Edwin H. Gott of U. S. Steel says:

"Through the years, it has been proved over and over that American industry, through competitive enterprise, can do the best job of supplying the wants and needs of people at the lowest possible cost. Progress must be made in urban housing. Innovations are needed, both to raise the level of quality and to counter the rising costs of such construction."

U. S. Steel, of course, has been in the housing business for a long time through its Homes Division. At its Residential Tech Center in Monroeville, Pa., the company has developed a variety of methods and products ranging from unique framing systems to housing components.



## Voices of Experience

It's hard to find an executive experienced in hiring young school of business administration graduates who has not said to himself:

"If I were running one of those university business schools, I'd sure let those faculty people know what business is like in the outside world."

If you're a man like Robert Stuart, chairman of the board of National Can Corp., you'd have that chance. He has just been named chairman of a new blue-ribbon advisory council to the University of Illinois College of Business Administration in Chicago.

"Business leaders must take an

active role in helping educational institutions relate to the community in the most desirable way," Mr. Stuart says. "This committee will have the responsibility and opportunity to advise the University in devising improved programs and new approaches to better serve the students and the companies that will need their services."

As Mr. Stuart sees the advisory council's role it will not be a one-way street with hard-nosed businessmen determined to impose their views on students and faculty.

"We expect to answer some questions they'll raise and we expect to probe with questions of our own," he says.

Both the advisory panel and Dean Irvin Heckman of the downtown Chicago College of Business Administration recognize that in today's atmosphere, business and its requirements are changing. Hence, the need for more creativity and innovation in the training of young people going into the business world.

"We are faced, for example, with a situation where industry wants generalists for general management but when it recruits on campus it wants specific skills," explains Mr. Stuart. "A business school has to infuse both these requirements."

The advisory council is made up of 20 of the Chicago area's leading business and industrial figures.

## Doing Some of Your Reading for You

Even with a speed-reading course under his belt a businessman would have difficulty scanning some 400 current publications each week for information useful in his work.

Continental Illinois National Bank and Trust Co. of Chicago is now offering to do just that kind of reading for U. S. businessmen.

The nation's eighth largest bank is providing for its correspondent banks and corporate customers a new editorial service called Coband, or Continental Bank Annotated Digest.

Coband is a weekly batch of abstracted articles on finance, business and banking taken from more than 400 current publications. Each issue contains about 50 abstracts, with complete references, and a brief list of new books on business.

The service was started two years ago for Continental's own staff, to help it alert busy businessmen to significant articles in their fields and tell them where they could get the complete articles. Coband proved so useful the bank decided to market the service nationally.

Continental Illinois, incidentally, is the bank Treasury Secretary David Kennedy headed before he joined the Nixon Cabinet.

## Computers on Guard

Is industry, which still uses the traditional armed guard to enforce security, overlooking the computer as an ideal tool for security control?

Industry could save millions of dollars annually and develop systems offering far greater industrial security if it followed the lead of the armed services in protecting its property, according to Computer Sciences Corp. of Los Angeles.

It has developed an industrial security system that performs essentially the same functions as systems

used by the military—detecting and intercepting intruders. For obvious reasons, of course, the military security systems are more sophisticated.

"While the armed forces are developing completely automated command and control systems, industry still relies primarily on armed guards stationed at a number of fixed positions," says William Grayer, manager of aerospace and industrial systems for CSC.

"The only recent innovation in security techniques has been the use of closed circuit television for off-hours control of access, but even

this has not fully eliminated the fixed guard post."

CSC recently developed for a client a fully automated system that is expected to reduce security costs by one third, from \$600,000 to \$400,000 annually. It operates behind locked doors around the clock.

Heart of the system is a computer that exercises complete control over the plant. It also continuously monitors fire warning and environmental control systems. Guards no longer have to stay at a fixed post but are free to patrol the whole plant and thus provide better all-around protection.



# Competitors nipp





# ing at your heels?


Get our System on your side.

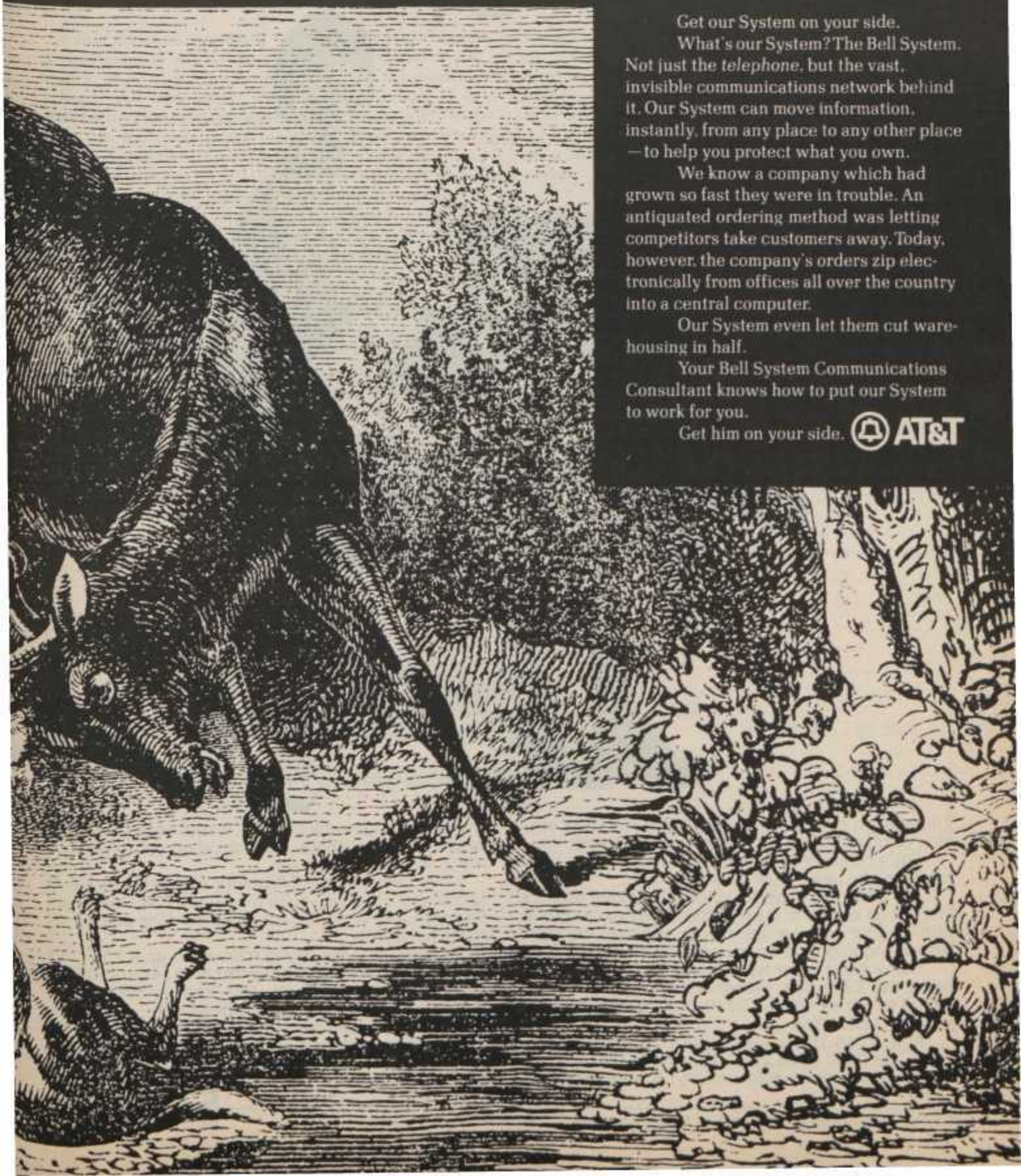
What's our System? The Bell System. Not just the telephone, but the vast, invisible communications network behind it. Our System can move information, instantly, from any place to any other place — to help you protect what you own.

We know a company which had grown so fast they were in trouble. An antiquated ordering method was letting competitors take customers away. Today, however, the company's orders zip electronically from offices all over the country into a central computer.

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Your Bell System Communications Consultant knows how to put our System to work for you.

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# This is a four-girl typing pool.



This one girl can do more work for you than four other girls combined. Faster, cleaner, error-free work.

She's no super typist, either. But she has a super machine: the new Friden® 2340.

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And when those inevitable corrections come along, the 2340 takes care of them too. Because the 2340 not only types automatically: it also *rearranges*

words on a page automatically. It hyphenates or drops hyphens, and changes margins when you change a word, sentence, paragraph.

If you think all this officework automation is going to cost you a bundle, you're wrong: the 2340 leases for less than \$95 a month. No other machine can do so much for so little.

It takes only one day to train a girl on a 2340. So you're one day away from error-free letters, documents, stencils, contracts, lists, orders, summaries. One day away from a one-girl typing pool.

For a demonstration of the 2340 doing *your* paperwork, call your nearest Friden office. Or write Friden Division, The Singer Company, San Leandro, California 94577.

It's the beginning of the end of the typewriter.

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FRIDEN DIVISION



## SOUND OFF TO THE EDITOR

# SHOULD SMUT BE CURBED?

A film that was considered wild in its treatment of sex in the 1930's—or 40's, or 50's—is tame today.

Books you once couldn't buy because of salacious or scatological passages are no longer prime topics of party conversation. Just about anything goes, now.

The theater has reached a new stage of nudeness (a play seems in comparative good taste if it's limited to open portrayal of normal sex rather than the abnormal) and it's hardly news that many newsstands are loaded with publications peddling pornography, perverted or otherwise.

There even are broader hints on television, that monopolizer of millions of youngsters' time. And who knows what's to come?

The Post Office is trying to stem a flood tide of advertisements of pornography, in the belief that Supreme Court rulings permit tighter curbs on ads than on what's advertised.

But as for movies, books and periodicals, authorities are up against the Court's decision that material is obscene only if it is "utterly without redeeming social importance"—a loose restriction tightened a bit for minors when the Court upheld the conviction of a man who sold "girlie" magazines to a 16-year-old.

Bill after bill has been introduced in Congress, but some legislators feel new laws' effectiveness will be limited if there is no new Supreme Court definition of obscenity.

Meanwhile, argument rages on whether anything should be done about the smut glut at all.

On one side are those who say that any censorship is dangerous and out of line with the Constitution; that censors may be bluenoses who would strangle true art; that if you don't permit the bad in the arts you won't have the good; that pornography is natural to man and sometimes even beneficial

(they cite a Danish study that showed sex crimes down in the year in which anti-obscenity laws were eliminated); that adults can censor for themselves and their children; that this is a permissive era.

On the other side are those who say that things have gone too far, and that it's necessary to have restrictions, which the courts could keep from going too far; that plenty of great literature was produced in past periods of good taste; that open portrayal of depravity cannot help but influence the young, perhaps leading them to consider it natural; that adults can't really avoid all objectionable material for themselves and their youngsters because they don't know all that's in a book or movie when they start it; that excess permissiveness in the past has been followed by excess puritanism.

Should smut be curbed? What do you think?

Jack Wooldridge, Editor  
Nation's Business  
1615 H Street N.W.  
Washington, D.C. 20006

Should smut be curbed?

☐ Yes ☐ No

Comments:.....  
.....  
.....  
.....  
.....  
.....

Name and title.....

Company.....



## SOUND OFF RESPONSE

## WILLING TO TAKE A CHANCE

Yes, we should have a national lottery, say more than 60 per cent of those NATION'S BUSINESS readers answering last month's "Sound Off" question.

Responses from two top officials of the Admiral Corp., Chicago, are typical of comments from those on the affirmative side.

W. D. Bjorseth, Admiral vice president and treasurer, writes: "Let us channel the billions of dollars spent or 'lost' gambling by Americans each year into useful, productive areas. This double standard of horse racing as a legal endeavor and bingo as illegal is hypocrisy at its worst. Reduce taxes in a way that appeals to the citizen—through a lottery."

Martin Sheridan, another Admiral vice president, asks: "Why not? The federal government used lotteries in its earliest days, apparently successfully. In one 1793 newspaper in my collection, there is an announcement of a lottery, the proceeds of which were to be used to provide a building for Congress to meet in. First prize was a hotel, complete with outhouses, etc."

Among those answering "No" to the question, "Should we have a national lottery?" is James W. Spellman, vice president and controller of State Farm Life Insurance Co., Bloomington, Ill.

"There is already too much of an attitude of something for nothing," he maintains. "We should emphasize individual responsibility. Attempting to legalize some gambling will only encourage more of an illegal nature."

On the contrary, argues C. H. Wiese III, project analyst for Iowa-Illinois Gas and Electric Co., Davenport, Iowa, a legal lottery would reduce illegal gambling, in the long run.

Some other remarks by those favoring a legal lottery:

"We are a 'sporting' nation," says

Lloyd C. Hanson, executive secretary, Farmers Grain Dealers Association of North Dakota. "We like to take risks. We need a national lottery controlled by Uncle Sam—not the underworld."

R. L. Rippey, district manager, Armstrong Cork Co., Minneapolis: "Life is a gamble; everything we do has an element of risk. A lottery seems a logical gamblers' choice to answer our monetary ills."

R. C. McCleary, manager of personnel practices, H. J. Heinz Co., Pittsburgh, and Osvaldo Perez, manager of Albert E. Lee & Sons, Inc., Ponce, Puerto Rico, are among many contending that a lottery does not take advantage of the poor, but rather gives the poor "hope."

Fabio Freyre, vice president, Farr Whitlock Dixon & Co., Inc., New York City, thinks the federal government should run a lottery each month with a \$1 million first prize and special lotteries on July 4 and Christmas with first prizes of at least \$2.5 million.

Ray Bendrick, manager of McLuckie's Store, Havana, Ill., wants \$1 lottery tickets sold at post offices from June 1 to Oct. 1, with a drawing for a \$100,000 prize at Thanksgiving. He'd turn the profits over to the Post Office Department to get it out of the red.

H. J. Leddy, president of Joliet Foundry Co., Joliet, Ill., suggests that a \$10 lottery ticket be mailed with each income tax form, and that the citizen add the amount to his tax payment if he wants to take a chance. The drawing would be held after April 15, with 25 per cent of the income going for prizes and the rest for local government operations.

Winnings from any lottery definitely should be tax-free, insist John A. Neubauer, manager of Domestic Tour Sales, Trans World Airlines, New York City, and R. A. Liggett, chair-

man of The First National Bank of Tampa, Fla.

"Morality cannot be legislated either for or against anything," says T. M. Lanza, vice president of Buckeye Forge Division of Gulf & Western Industrial Products, Cleveland. "People have always gambled. For some it is a way of life."

Some comments by opponents of a national lottery:

"My experience in Central and South America reveals that the poor support the lottery," says Dennis Teerman, insurance manager for Gerber Products Co., Fremont, Mich. "Welfare costs would rise because the poor would rather take chances on winning something than provide for their basic needs."

John C. Hazen, vice president, National Retail Merchants Association, Washington, D. C.: "Excuses, excuses. Proposals for a national lottery are based on the inability of government to reduce spending, nothing more."

"Even if the proceeds from a lottery ran to hundreds of millions, the politicians would be back again in another five years asking for another source of revenue."

Harry B. Critser, secretary-treasurer of RC-Nehi Bottling Co., Henderson, Ky.: "First, it would create another bureaucratic group to run it and they would skim off 50 per cent. Second, if the government wants to get into gambling, let them take over Army post slot machines. Third, stop so damn much foreign aid. Fourth, reduce salaries of our Senators and Congressmen, etc."

Many readers agree with Marshall Weingarden, communications consultant for Michigan Bell Telephone Co., Detroit, that the federal government still has many other options for funding its services without resorting to a national lottery.





## Continental Can uses Panasonic VTR for maximum effort training program.

"We didn't approach the idea of using VTR at our own convenience. The speed of advances in our manufacturing technology necessitated it," recalled Mr. L. A. Dodge, Training Materials Supervisor for Continental Can Company.

"Our welded can was a competitive breakthrough which presented an immediate challenge of providing maximum training and information to as many of our people as possible in the shortest time possible.

"We had to communicate complex mechanical data, maintain up-to-dateness, standardization and simultaneous delivery to multiple locations while maintaining complete coverage and maximum training effectiveness.

"That's a tall order for which VTR proved the solution.

"We chose Panasonic for various reasons. There was the consideration of lowest

dollar cost. Ease of operation (just about anybody could use it with a little briefing). Reliability. Portability. Flexibility. And, of course, maintenance and service facilities were another factor."

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System/3. The small business computer.

It'll manage the paperwork.

While you manage the business.

So say good-bye to the blues.

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**IBM.**



# THE 70's

## WHAT'S COMING IN BUSINESS, POLITICS, LABOR AND INTERNATIONAL AFFAIRS

Well, it's that time again. Out with the old decade, in with the new.

In, as well, with new opportunities for American businessmen.

New challenges. Things to think about long before they happen.

Editors of NATION'S BUSINESS have taken a look down the 10 years ahead and in the following pages give you a chance to see what they've seen.

There's an article on business in the 70's, and along with it an estimate of industry-by-industry production and growth, plus a report on the need for energy sources to keep the economy moving.

There's an analysis of political trends which reflects the thoughts of people ranging from Barry Goldwater

and Hubert Humphrey to a professor who dislikes both major parties. And with it, the views of those parties' national chairmen on the key issues in the first national elections of the 70's.

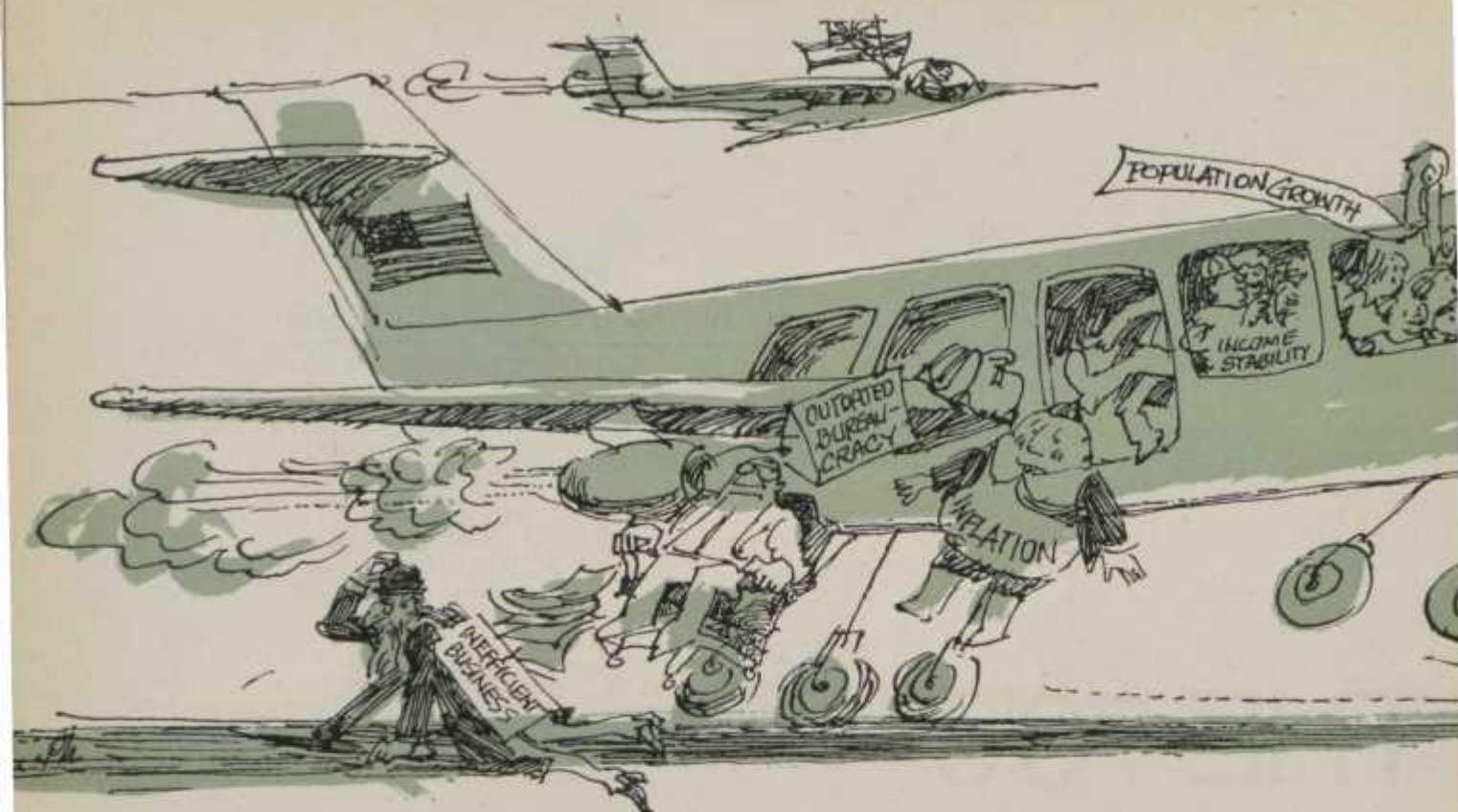
There's a report on the labor scene—on the people who will be in it and how they'll behave.

And there are predictions about the course of international affairs, some of which may surprise you.

In no case is there an attempt to give all the details. To really do so would mean writing a book you might still be reading as some of the events detailed took place.

But there is an informative summary of things to expect, one that shows man as a maker of changes will be going like 60 in the 70's.





THE  
70's

# BUSINESS BARRELS TOWARD A TRILLION DOLLAR TOMORROW

The big American Airlines 727 jet roared at dusk into Washington's National Airport. Only 65 minutes earlier, it had taken off from Boston.

As the plane braked to a halt, a safety-belted businessman peered out a window and turned to a companion.

"Everywhere you go," he said, "you see the same thing. . . ."

He gestured toward a massive new airport terminal wing being built for TWA.

"Either tearing down, or building up."

He had summed up a major quality of American business in the 70's: Change—highlighted by growth.

Much of it will be due to America's two greatest resources—technology and an educated people.

John Diebold, whom many credit

with coining the word automation, points out:

"Half the research conducted in the United States since the republic was founded has been crowded into the last eight years. And 90 per cent of the scientists who ever lived, live today."

## Faster and faster

The result: A highly technical, sophisticated society, its foot on the gas pedal, traveling at an ever faster clip.

Here are some statistics which show where we stand today, and how far we will go in the next 10 years.

In 1969, our gross national product will reach \$932 billion, according to financial consultant Louis J. Paradiso, former assistant director of the Com-

merce Department's Office of Business Economics.

Next year, the National Planning Association estimates, it will be more than \$1 trillion. By the decade's end, NPA says, it will be nearly \$2 trillion in then-current dollars.

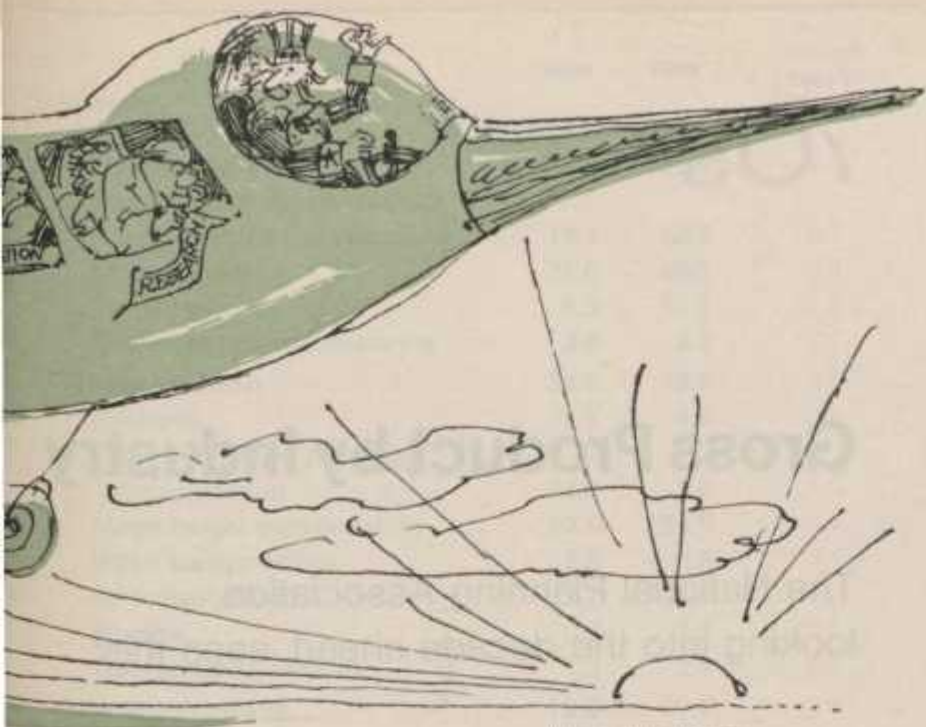
In 1969, 81 million Americans held jobs. By 1980, close to 100 million will. The increase alone nearly equals the entire population of Canada.

In 1969, we're spending \$580 billion on food, fun, health, housing, education and other personal items. By 1980, we'll spend almost \$1.2 trillion.

But we'll be able to afford it.

At the end of the 70's, nearly one third of the nation's families will be in the \$10,000 a year bracket and up—





DRAWING: PAUL DIEFENBACHER

in 1969 dollars. They will receive more than half the national income.

That's growth. It will help business.

Change will hurt as well as help.

Change means three Japanese firms, Canon, Inc., Hayakawa Electric Co., Ltd., and Tokyo Shibaura Electric Co., Ltd., grabbing off a big share of the U. S. market for calculators. It means Volkswagen selling more than 500,000 German-made autos a year in the country where the Tin Lizzie was born.

But it also means IBM cornering a large part of the world market for computers.

### High on technology

That's the recent past. The future will mean an even more rapid ebb and flow in markets and products.

In this environment, well-run, high technology firms will flourish, experts say.

But some other companies will fall by the wayside. In the 60's, scores of the big, well-known American companies disappeared. Some are just names on corporate headstones. Most were swallowed up in mergers.

The accompanying table (pages 30-31) summarizes how major American industries will fare in the next decade. It tells what their output is now (based on latest available figures) and what it will be in 1980.

It gives also their average annual rate of growth in the 70's.

The table was adapted from the National Planning Association's "National Economic Projections Series."

From the evidence, America won't have enough workers, skilled and unskilled, to do all it wants to do.

Today, the U. S. population totals about 204 million. In 1980, it will be some 235 million.

With few dissents, most forecasters see American prosperity hitting new peaks in the 70's.

Arthur Okun of Brookings Institution, a chairman of the Council of Economic Advisers during the Johnson Administration, says:

"I think we're going to stay on a high growth path. We're going to have to try to solve the problem of inflation. And I think we're going to."

### A flatter business cycle

NPA economist Morris Cobern notes his Association's forecast assumes the economy will have a real growth rate of 4.4 per cent a year. It adds 2.7 per cent a year for inflation, which it expects to ease, but not stop.

"Our Future Business Environment," a General Electric Co. study based on the views of "upwards of 100 of this country's best thinkers" on social, political and economic

trends, says economic stabilization is expected to be a hallmark of the next decade.

"There is now widespread agreement," it says, "on the prediction of a further flattening of the business cycle. Whereas in the 15 years, 1949-64, the unemployment rate had a five-point swing, from a low of 2.5 per cent to a high of 7.5 per cent, the next 15 years may see the swing kept within a 1-1.5 point range, at a level of about 3-4.5 per cent."

"Again, whereas post-World War II recessions have averaged 10 per cent cutbacks in industrial production, future declines are expected to be only half as deep."

It adds that large-scale unemployment "has become too great a political liability for any Administration to tolerate for long." And it also cites these new factors which tend to keep factories running and people at work:

- Technology and automation, which involve long-range programs and high fixed overhead, and place a premium on stable production.
- Computerized inventory control, which helps to narrow wide swings in the inventory-sales ratio.
- A new kind of labor force, with more and more men and women in white collar jobs where layoffs are fewer.
- Higher unemployment compensation, plus company-paid supplemental unemployment benefits, which make layoffs more costly.

### Unparalleled prosperity

All this helps add up to unparalleled prosperity.

U. S. per capita income, now \$3,420 a year, will be \$6,340 in 1980, NPA says.

If this outlook sounds unduly rosy, a look back may put it in perspective.

In the last 10 years, one authority points out, "this nation has doubled the value of its annual output of goods and services."

"What we now produce in a month (\$78 billion) approaches in value the total annual output in 1939—or even 1929."

Will only corporate giants be able



## Business Barrels Toward a Trillion Dollar Tomorrow

*continued*

to survive in this new decade? Jesse W. Markham, Harvard Business School professor of business administration, thinks not.

"Actually," he says, "the number of businesses big and small tends to grow roughly at the same rate as the population." That means that small businesses will continue to outnumber corporations about 10 to one.

In 1966, the last year for which Internal Revenue Service has statistics, 1,468,725 U. S. corporations filed returns, compared to 9,086,714 proprietorships and 922,680 partnerships.

### The climate is changing

There will be some sweeping changes in the climate, at home and abroad, in which American businesses will operate.

Domestically, our rising affluence, economic growth and higher and higher level of education will be major influences.

Just as in the 60's, new industries will rise or mature in the 70's.

Prof. Kenneth R. Andrews, chairman of Harvard Business School's Advanced Management Program, sees industry taking over many tasks once considered government's private preserve—for example, in health services, in social service functions such as operating day care centers, and in education, especially vocational or technical.

Prof. John G. Kemeny of Dartmouth College foresees a national network of large time-sharing computer systems, comparable to today's public utilities. They could be used, among other ways, to match job-seekers with job openings in an entire city or region; to help would-be college students find colleges which want applicants, and to replace costly private and public libraries with an electronic reference service.

### Small world

American business will operate in an expanding economy, but a shrinking world.

"The impact on world trade will be tremendous when we get new air-

## THE 70's

## Gross Product by Industry

The National Planning Association, looking into the decade ahead, sees this:

Industry	Now	1980	Average Annual Growth Rate Per Cent
(Billions of dollars)			
<b>Agriculture, forestry, fisheries</b>	27.2	28.5	0.4
Farms	25.0	24.9	0.0
Agricultural services, fisheries	2.2	3.6	4.3
<b>Mining</b>	14.2	20.2	2.9
Metal mining	0.8	1.9	6.9
Coal mining	1.7	1.6	-0.7
Crude petroleum, natural gas	9.8	13.2	2.5
Nonmetallic mining	1.9	3.5	5.3
<b>Contract construction</b>	39.5	99.9	8.0
<b>Nondurable goods manufacturing</b>	98.7	179.7	5.1
Food	23.3	38.9	4.3
Tobacco	3.6	5.2	3.0
Textiles	7.6	8.2	0.6
Apparel	8.8	14.6	4.3
Paper	8.8	17.0	5.7
Printing	11.5	23.9	6.3
Chemicals	18.3	41.1	7.0
Petroleum refining	7.9	13.3	4.4
Rubber	6.6	14.0	6.5
Leather	2.4	3.7	3.7
<b>Durable goods manufacturing</b>	147.7	324.6	6.8
Lumber	5.9	6.6	1.0
Furniture	3.7	9.2	7.9
Stone, clay, glass	7.2	14.1	5.8
Primary metals	19.4	33.6	4.7
Fabricated metals	15.8	31.5	5.9
Machinery, except electrical	25.4	52.4	6.2



Industry	Now	1980	Average Annual Growth Rate Per Cent
	(Billions of dollars)		
Electrical machinery	21.5	55.6	8.2
Transportation equip. (except motor vehicle) + ordinance	18.1	58.3	10.2
Motor vehicles	21.0	40.5	5.6
Instruments	6.3	17.6	9.0
Miscellaneous manufacturing	3.6	5.2	3.1
<b>Transportation</b>	34.6	78.9	7.1
Railroads	9.3	9.9	0.5
Local + highway passenger transportation	2.9	3.6	1.8
Motor freight transportation	12.6	32.5	8.2
Water transportation	2.5	3.9	3.6
Air transportation	5.2	25.2	14.0
Pipeline	0.7	1.2	4.5
Transportation services	1.3	2.7	6.3
<b>Communications</b>	19.0	49.8	8.4
Telephone + telegraph	17.2	44.9	8.3
Radio + TV	1.8	5.0	8.9
<b>Electric, gas + sanitary services</b>	20.0	50.5	8.0
<b>Wholesale + retail trade</b>	142.2	263.7	5.3
Wholesale trade	56.5	111.2	5.8
Retail trade	85.7	152.5	4.9
<b>Finance, insurance, real estate</b>	117.1	296.4	8.1
Banking	13.8	26.9	5.7
Security brokers	4.5	12.5	8.8
Insurance carriers	8.1	17.7	6.8
Insurance agents	3.6	8.9	7.9
Real estate + combination offices	87.3	230.4	8.4
<b>Services</b>	95.3	261.2	8.8
Hotels	4.9	8.9	5.1
Personal services	8.3	15.1	5.1
Miscellaneous business services	13.0	51.4	12.1
Auto repair services	4.2	12.3	9.3
Miscellaneous repair services	2.1	4.0	5.5
Motion pictures	1.8	2.6	2.9
Amusements	3.9	8.9	7.1
Medical services	24.4	66.3	8.7
Legal services	5.4	16.8	10.0
Educational services	5.9	18.0	9.7
Nonprofit membership organizations	8.3	21.1	8.1
Misc. professional services	8.5	29.1	10.8
Private households	4.6	6.7	3.1
<b>Government + gov't enterprises</b>	108.0	251.7	7.3
Federal general gov't.	39.5	72.5	5.2
Federal gov't. enterprises	6.1	8.7	2.9
State + local general gov't.	55.7	153.1	8.8
State + local gov't. enterprises	6.7	17.4	8.3
<b>Total GNP</b>	865.7	1920.1	7.1

craft like the C5A," predicts Harvard Business School Prof. John Glover. "Mozambique will then be closer to Boston than Chicago was in 1940.

"The total cost of air transport will be so cheap that it will cost a German manufacturer less to roll an auto aboard a plane and fly it to St. Louis than to load it on a truck or train, carry it to a port or dock, put it on an oceangoing cargo carrier, take it off at New York City, then ship it overland.

"Our old natural tariff barriers—distance and cost of handling and shipping goods—will disappear."

Experts predict a great upsurge in U. S. world trade. Today, Americans are importing goods made abroad at an annual rate of \$35.3 billion, and exports come to \$36 billion. By 1980, some experts say, annual imports will be \$90 billion, but our net exports will top that by \$15 billion.

Commerce Secretary Maurice Stans is a bit more cautious. He says, "Our exports could be close to \$100 billion by 1980.

"To do this, of course, we need a great deal of successful negotiating to reduce trade restrictions and provide for orderly markets."

As for the American economy as a whole, the Secretary says:

"We have every reason to expect a substantial growth in the 70's, provided that we manage our economic affairs properly, and don't allow inflation to get out of hand again.

"If we do that, we can operate at a high level of prosperity with a high level of employment.

"But to finance this growth will take money. We must see that our tax laws don't inhibit capital formation. That's why the bill recently passed by the House is unfortunate. It taxes industry too heavily.

"For progress in the 70's, we must find ways to reduce taxes on corporations and permit the capital growth that is necessary.

"After all, it is American enterprise that has given us everything we have now. If we encourage it, it can give us about anything we want."

END



## Can We Meet the Expanding Need for Energy?

Will America have the oil, gas, coal and electricity needed to fuel its expanding economy?

Here is what the U. S. Bureau of Mines and the Edison Electrical Institute estimate the nation will require each year by 1980, and the energy it produced in 1968:

	1968	1980
Bituminous coal and lignite (millions of tons)	497	737
Dry natural gas (millions of cubic feet)	18,000	22,100
Crude oil and natural gas liquids (millions of barrels)	4,704	6,665
Electric power (billions of kilowatt hours)	1,198.4	2,880

These projections for 1980 are medium forecasts. Our needs could run higher.

To expand our energy supply takes money. And to expand it this much takes a lot of money.

W. Donham Crawford, vice president and managing director of the Edison Electric Institute, points out what this means for the investor-owned electric utilities.

"We have made enormous technical strides in recent years, building and interconnecting power systems of a size and complexity never before possible," he said in New York recently.

"The promise of nuclear power is being achieved and we are beginning to see a real possibility for breeder reactors.

"Our ability to produce greater and greater amounts of power, reliably and economically, has made it pos-

sible for us to enter new markets and to expand old ones. Electric heating is growing all over the nation. Railroad electrification is becoming a matter of serious interest to a number of railroads. And, we believe, the electric car is just around the corner.

"Of course, growth of this kind brings problems.

"We must finance our new plant, and this becomes increasingly difficult in a time of high money costs and low price-earnings ratios for utility company stocks.

"We find inflation pinching, and this means some companies will require rate adjustments."

Investor-owned electric utilities estimate they will have to raise \$125 billion between now and 1980 for new plant and equipment if the nation's great thirst for power is to be slaked.

Natural gas pipeline companies are

in the same boat. They, and distributors, will have to put out about \$30 billion between now and 1980.

If profits are too small, or the cost of borrowing too high, they can't expand at this rate.

### Allow less for depletion?

Oil companies and natural gas producers face what they regard as an even more serious problem.

Decades ago, Congress wrote into the nation's tax laws depletion allowances to encourage exploration for oil, gas and other mineral resources.

Oil and gas companies are allowed to deduct 27.5 per cent of their gross income from taxable income—up to 50 per cent of taxable income. Other depletion allowances range from 23 per cent (for uranium, platinum and other minerals) to 5 per cent (for brick and tile clay, gravel, mollusk shells, peat, pumice and sand).

This year, the House passed a far-reaching tax bill which, among other things, would cut depletion allowances. For oil and gas, the rate would drop from 27.5 per cent to 20.

Oil industry spokesmen say this action, if approved by the Senate, will:

- Discourage exploration.
- Decrease our domestic reserves of oil and natural gas.
- Make the nation more dependent on vulnerable overseas sources of supply.
- Be unfair to an industry already heavily taxed in other ways.

Exploration already has been discouraged somewhat by "a sustained cost-price squeeze," according to the American Petroleum Institute. It says, "Exploratory drilling—those wells drilled to find additional petroleum reserves—declined from 14,707 wells in 1957 to 8,879 in 1968."

### "Easy oil" is hard to find

Striking oil isn't easy, even with today's most modern tools and techniques, industry spokesmen point out.

Nine out of 10 wells sunk to find new oil fields are dry, Harold M. McClure Jr., president of the Independent Petroleum Association of America, says.



"The chances of a significant discovery" are "probably one in 50," he told the House Ways and Means Committee.

Sinking dry holes is becoming more and more expensive, the Petroleum Institute points out.

"The 'easy oil' in this country—those deposits only a few thousand feet below the earth's surface—has long since been found," it says.

"It is estimated that most of the petroleum remaining to be discovered here lies anywhere from 5,000 to 20,000 feet below the surface."

The cost of drilling and equipping an average well was \$50,000 in 1956 and \$68,386 in 1966, Wallace W. Wilson, vice president, Continental Illinois National Bank and Trust Co. of Chicago, pointed out when testifying against the proposed cut in the industry's depletion allowance.

"Compare this latter figure," he added, "with 1966 costs of \$471,300 for an average offshore well, \$816,600 for an average well over 15,000 feet deep and \$1,082,600 for an average well in Alaska."

"These higher figures are more representative of the unit costs in areas and at depths where the future exploratory effort must be concentrated to meet our requirements for new reserves."

### In war and peace

Domestic reserves are essential, industry spokesmen assert, in war and peace.

"During World War II," J. H. Abernathy, president of the Big Chief Drilling Co., reminded Congressional tax experts, "over half the tonnage that the United States shipped to the war zones was petroleum. Over 80 per cent of the Allies' fuel came from our country."

"When the Japanese seized the Far East rubber plantations, it was the petroleum industry that provided the raw material for synthetic rubber."

Nor is oil less vital now, Sun Oil Co. President Robert G. Dunlop emphasized at recent Senate Finance Committee hearings.

"In 1968," he said, "defense procurement of petroleum per man under arms was twice the peak World War II level."

The United States largely runs on

oil, the industry notes, since petroleum and gas provide 75 per cent of the nation's energy supply.

"It is sometimes suggested," the American Petroleum Institute says, "that we close down our domestic industry in normal times, relying on foreign sources and saving our own oil for an emergency."

"But the domestic oil producing industry cannot be turned on and off like a faucet."

"It takes from three to 10 years after an initial discovery to bring a field into full production."

"It also requires thousands of geologists, geophysicists, petroleum engineers and skilled oil field workers to find and produce oil and gas. These are specialists who would not be available on short notice."

"In this connection, above-ground stocks of crude oil and products in pipelines and storage tanks normally amount to only 60 days' supply."

When the last Arab-Israeli war cut off Western Europe from Middle East oil, industry spokesmen point out, only U. S. petroleum saved the day.

"In August, 1967," Mr. Abernathy says, "Gulf Coast shipments to Europe were increased by about one million barrels a day."

However, the Independent Petroleum Association's Mr. McClure says, employment in the domestic oil producing industry has shrunk almost 20 per cent (more than 60,000 employees) since 1956. Imports of foreign oil, he adds, have risen from 16 per cent of domestic needs in '56 to 22 per cent now.

### Alaska helps, but . . .

But won't the recent oil discoveries in the Arctic slope region of Alaska take care of domestic needs? The oil there is estimated at as much as 31 billion barrels, but Sun Oil President Dunlop told the Finance Committee: "That would only be 55 per cent of estimated required additions to reserves during the 1970's (and all of the Alaskan oil will probably not be found and developed during that period)."

The natural gas reserves problem may be more critical.

"The reserve-to-production ratio of natural gas is presently 14.8 to 1,"

according to Assistant Interior Secretary Hollis M. Dole.

"If we wish to hold the R/P ratio at that level, and provide for normal consumption, we must, this year, add not less than 35 trillion cubic feet to our proved reserves."

"This is twice the average of additions for the past five years. It is 10 trillion cubic feet more than we have ever added to proved reserves in any year of our history. . . . In 1980, on this basis, we shall have to add 50 trillion cubic feet to proved reserves of natural gas."

Any impression that its depletion allowance enables the oil industry to duck its fair share of taxes, or earn more than a fair profit, is false, M. A. Wright, board chairman, Humble Oil and Refining Co., asserts.

### Billions paid

"Aggregate tax payments on oil industry operations in 1966 were \$10.5 billion," he told members of the House Ways and Means Committee, "including \$8 billion of excise and sales taxes on oil products."

"Studies by the Petroleum Industry Research Foundation, Inc., show that taxes amounted to 5.4 per cent of gross revenue from all petroleum operations, from production through final delivery of refined products."

"If taxes on petroleum were really low, one would expect direct taxes paid by other businesses to be a much higher proportion of gross revenue."

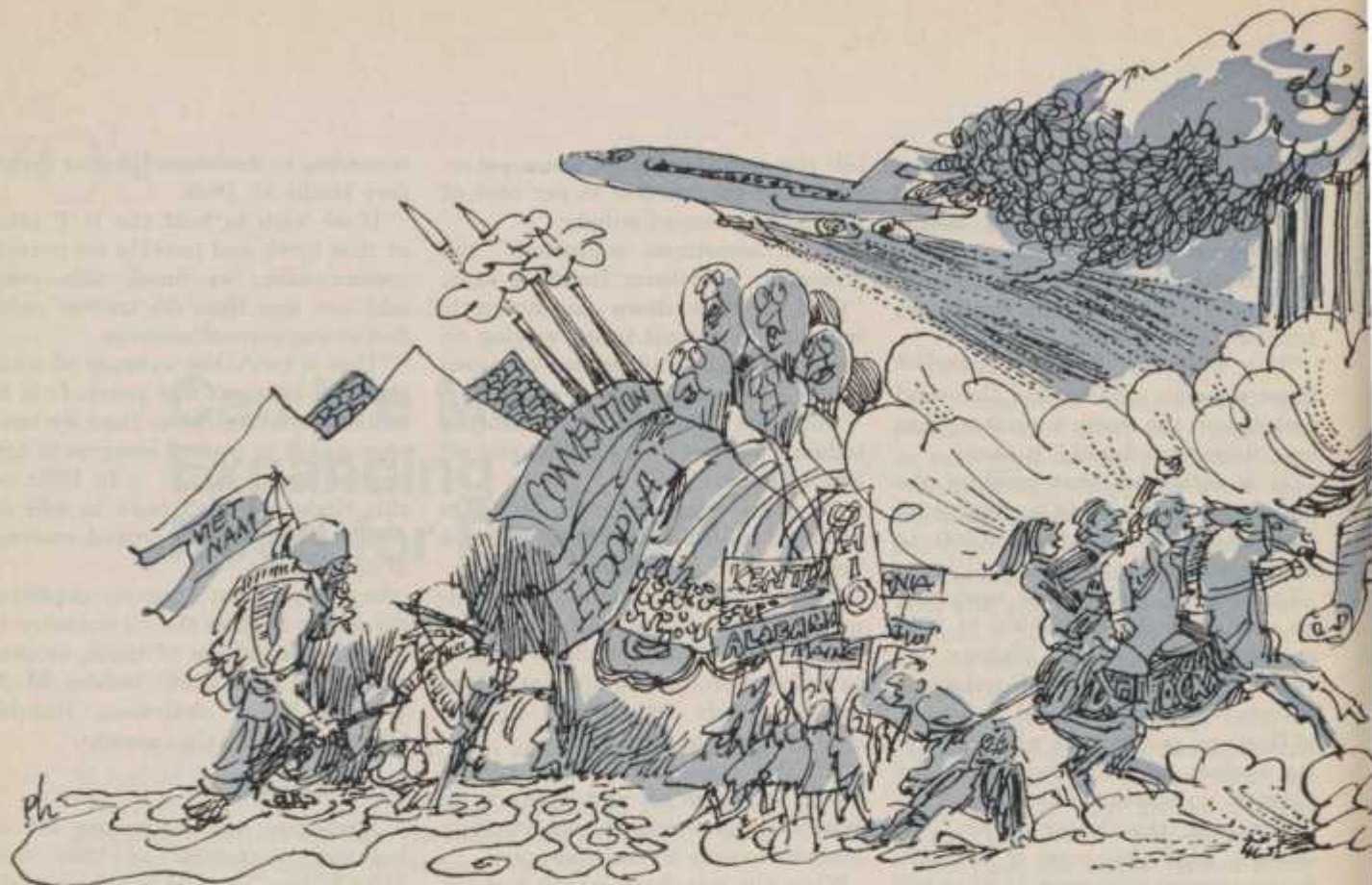
"In fact, however, the same study shows that the direct tax burden was 5.5 per cent of gross revenue for mining and manufacturing corporations and 4.6 per cent of gross revenue for all U. S. business corporations."

Committee members were told that, according to a study by New York's First National City Bank, the average rate of return on net book assets for the petroleum industry was 12.5 per cent from 1949 to 1967, compared to 12.6 per cent for all manufacturing.

Continental Illinois Bank's Mr. Wilson warned that higher taxing of the oil industry—the net effect of lowering its depletion allowance—would seriously affect its ability to raise the capital needed for exploration and development of new reserves.

END





## THE 70's

# POLITICAL POWER

On the eve of the 1960's, a prominent Democrat declared that, under his party, the new decade would be a peaceful one and the nation could "fashion a society" in which home front needs would be fully met.

Lyndon B. Johnson, then Senate majority leader, proved somewhat lacking as a prophet. But who really could have forecast the turmoil and upheaval the 1960's held for American politics?

With another new decade almost here, NATION'S BUSINESS asked political, government, academic and business experts to look into the crystal ball for a preview of the big political issues and developments of the 1970's.

This is what they see:

- Inflation will remain a stubborn problem, at least during the early part of the decade, and the way to solve it will be a continuing source of political controversy.
- The swelling ranks of under-30 voters will have some impact on poli-

tics, but it won't be anywhere near that expected by many militant youth leaders and politicians who think they have a special appeal to young voters.

- The end of the Viet Nam war will bring domestic programs into much sharper focus and spur efforts toward solutions. Progress, while slow, will be much greater than in the past. Business know-how will be sought out and enlisted by government at all levels to a greater extent than ever before in such areas as housing, transportation and improving the environment.

- The decade will mark a turnabout in the flow of power to Washington, with President Nixon's revenue-sharing plan serving as the vehicle to start returning many responsibilities to the states.

- Party labels will have less meaning. Voters will react more than ever to a candidate's stand on specific issues, rather than remain in the rigid mold of party loyalty. At the same time, paradoxically, the traditional party

alignments will hold, despite ideological divisions in each party. The much-talked-about regrouping into conservative and liberal parties, if it ever occurs at all, will be far in the future. Changes will come rather by individual movements between parties—with more Southerners moving to the Republican Party, for example.

- There probably will be a change in the method of electing the President, and the current prospect is for a direct popular vote system. An historic change in Presidential campaigns would follow, with the emphasis shifting to appeals to population centers instead of attempts to put together blocs of electoral votes. (Small-state opponents of the direct vote say it would deprive their states of any voice in the choice of a chief executive and make it unlikely they would ever again see Presidential candidates in their cities and towns.)

- There'll be a new look to national nominating conventions. Many of the





DRAWING: PAUL HOFFMASTER

# PATTERNS ARE CHANGING

circus aspects, and the deadening speeches and processions of obscure figures to the podium, will be eliminated as part of an over-all move to streamline them, concentrate more on issues and candidates than hoopla.

- There'll be a continuation of the conservative trends that surfaced in the late 1960's with demands for all-out efforts to curb crime, inflation, rioting and taxes—and with middle- and lower-middle income families' complaints that government has become overly concerned with meeting minority group problems at the expense of the "forgotten Americans."

- Also continuing will be the dissolution of the old New Deal coalition of organized labor, Negroes, white ethnic groups, Southern whites and the academic community.

Inflation figures prominently in most responses on the political issues of the 1970's.

"It cuts across all other things," says Arizona Sen. Barry Goldwater.

"Unless it is controlled, the country won't be able to deal with ghetto problems, with air pollution and other needs."

After all, comments the 1964 Presidential candidate, "anybody who has to carry a barrelful of dollars to the grocery store isn't going to be in a position to help others solve their problems."

Another veteran of Presidential campaigning, Hubert H. Humphrey, says that "runaway inflation or catastrophic deflation and unemployment are twin evils which could prevent our being able to deal with the issues of the 70's."

Education and health will be two areas demanding broad new programs in the new decade, the former Vice President says, and "we absolutely must maintain a stable and growing economy to support all these necessary efforts."

Several of those who joined in the look-ahead say many issues are so intertwined that political campaign-

ing will become increasingly complex.

Sen. Edmund S. Muskie of Maine, Democratic candidate for Vice President last year, asserts office-seekers of the 70's will have to take into account "the rising number of college graduates, the continuing emergence of blacks and other minority groups, the intensification of the problems of 'megapolis,' the development of new relationships between suburbs and the inner city and increased political activism by lower- and middle-income groups."

There are mixed views on the impact of younger voters during the 1970's. There have been predictions that they'll enter politics in ever-growing numbers, reshaping many traditional practices and putting an indelible liberal stamp on government.

But that's just not the way it's going to be, says Richard Scammon, former director of the Census Bureau and now head of the Election Research Center in Washington, D. C.

"Those kids under 25, and even



## Political Power Patterns Are Changing *continued*

under 30, don't all vote by any means," explains the big, genial Mr. Scammon, who takes a low-keyed view of what many others consider imminent, major upheavals in politics.

The younger voters, he says, are "in the armed services or in graduate schools or move around a lot in their jobs. They're not settled. They don't have roots. A lot of them don't even register to vote."

And the assumption that the oncoming waves of youngsters reaching voting age are overwhelmingly liberal is equally erroneous, Mr. Scammon believes.

The biggest gap in American life, he says, is not between the generations but between two groups of young people—college men or women, and those who never went.

The noncollegian holding a job is apt to be conservative and highly resentful that those able to go to college are causing disruption.

"The young worker is much closer to life and knows he has to make his own way," Mr. Scammon says. On the other hand, he adds, the college militant demonstrating in the streets of Chicago or helping seize a school building "knows he always has a refuge back in Scarsdale. He can reject middle class values because he knows he can always rely on them."

But two of the newest—and youngest—members of the Senate disagree.

Democrat Thomas F. Eagleton of Missouri, 40, predicts: "The 'new politics' will be the established politics of the 1970's. I think the whole effect will be extremely healthy."

Republican Robert Packwood of Oregon, a boyish-looking 37, says young voters will come flocking into the major parties and be far more active politically than their elders. "I don't despair at all about our young people," he says.

Those young people who become politically active will dampen a tendency of many office-seekers to keep trying to relive past achievements, according to Massachusetts State Sen. Maurice Donahue, president of the National Conference of State

## THE 70's

# THE NEXT ELECTION

## WHAT PARTY CHAIRMEN SEE AS BIG CAMPAIGN ISSUES

1. What do you think will be the No. 1 economic issue in the 1970 Congressional races?
2. The No. 1 social issue?
3. And the No. 1 international issue?





**REP. ROGERS C. B. MORTON**

Chairman, Republican National Committee

**1.** I think the tax reform bill, in spite of the current publicity, will be passed and the surtax extension will have been phased out, so that taxes will not be an issue. But certainly the general state of the economy—prices and the value of the dollar and interest rates—will be an issue; and the issue will hinge on the performance of the Administration in getting hold of the economy and arresting inflation.

**2.** I don't believe there will be any issues or problems that don't already exist. Law and order could be an issue. But its dimensions will be based on the performance of this Administration in reducing crime and violence in the country.

Hopefully, the school issue will be resolved, and these suits and other actions to bring the educational system into conformance with the 1964 Civil Rights Act will be well down the road by that time.

**3.** I don't think there is any question about that. Viet Nam, if it's still there, will be an issue. The public is very restless under this war, but so is the Administration, and I know every effort is being made to end it. Obviously, this issue overshadows all other international issues at this time.

If the Viet Nam issue is laid to rest, then we are faced with restructuring all our international relationships based on the experience that we have had in connection with Viet Nam and other instances. We are faced with perhaps a whole new set of priorities in terms of our commitments to NATO. We have to bring these commitments into better balance with those of other nations. I believe there's a strong feeling that we should restructure our priorities to make much bigger investments in our domestic programs, which means there will have to be some give somewhere, and it could well be in the military and defense posture area.



**SEN. FRED R. HARRIS**

Chairman, Democratic National Committee

**1.** I'd have to tie two together: High interest rates and inflation. They are intertwined. So I would say inflation, if I had to cite only one issue, because high interest rates feed inflation.

I think the failure of this Administration to exert strong leadership on these economic issues, which it promised, is and will be a major issue. Rightly, Mr. Nixon gets an unfavorable rating, according to all the polls, on a whole series of economic issues: Inflation, high interest rates, taxes, government spending, waste in government and tax reform. I think he has not shown the leadership on those issues which was expected of him.

**2.** How we can best have progress without violence and lawlessness. Mr. Nixon made that one of the three principal issues of his campaign. And yet little, if any, progress has been made on allowing a greater voice in their own destiny to people who are not sufficiently powerful in our society, including blacks and young people, while at the same time stopping lawlessness and violence. I think Mr. Nixon's record on that has not been good.

**3.** Well, Viet Nam obviously. Mr. Nixon made that one of his three most important issues: Viet Nam, inflation and law and order. He has, since his election, said he wants his Administration to be judged not on what it says about these things, but on its performance.

The people want out of that war in Viet Nam, and I think that more and more people are afraid he actually has no plan, but is simply improvising, hoping something will turn up. While he does that, young Americans are continuing to be killed and wounded.

I think that will be a principal issue, unless by then, hopefully, he can change his present stance and take a firmer hand.



## Political Power Patterns Are Changing *continued*

Legislative Leaders. "They're not interested in the past," he says. "They want to know what's going to happen from now on."

Both Sens. Packwood and Eagleton see problems of the environment—eliminating air and water pollution, preserving open spaces and providing parks and recreation areas—as a major challenge of the new decade.

"Noise, crowding, pollution and the sheer rush of our complex, modern society are rapidly becoming as oppressive to many individuals as the worst kind of political dictatorship," says Sen. Eagleton.

Sen. Packwood says governments at all levels must be ready to deal with growing public demands to improve the environment.

Mr. Humphrey shares that bipartisan assessment. "The most pressing domestic issue in the 70's will be the environmental question—the social and physical environment in which we live," says the 1968 Democratic candidate for the White House.

He presents a formidable list of challenges: "Noise, crowding, transportation, smog, air pollution... adequate living space, green areas, parks, how we're going to take care of the social services that are going to be ever more needed... the continued alienation of the blacks and other minorities from the mainstream of American life."

### Reversal in power flow?

The national chairmen of both parties are among those who see a reversal in the flow of power from the states to Washington and view President Nixon's revenue sharing plan as a vehicle for that change.

Rep. Rogers C. B. Morton of Maryland, Republican chairman, says "there will be a swing in the flow of power and responsibility to the states, because it is more efficient, for one thing."

Sen. Fred Harris of Oklahoma, Democratic chairman, agrees that revenue sharing—lump-sum payments to states with no strings attached—can lead to greater state roles. But at the same time he wants to see specifics of President Nixon's plan before going further on judging the potential.

Others predict greater reliance on the vast reservoir of business talent and enterprise, in another move away

from the concept that Washington can run everything everywhere by remote control.

The key role private industry is playing in "Operation Breakthrough" to produce low-income housing is cited as a prime example.

And William E. Finley, a top executive in the development of Columbia, Md., a city being built from scratch between Washington and Baltimore, says federal agencies have been "just fussing around" in efforts to rehabilitate inner cities in the past 15 years.

Mr. Finley, a former director of the National Capital Planning Commission, says public agencies should designate locations and goals of redevelopment programs, "then invite private enterprise to invest talent, money, time and attention."

### Toeing the old alignments

Few observers expect a realignment of political parties to formally reflect conservative and liberal divisions within established parties.

"I think that both parties to a degree, will continue to overlap," says Sen. Harris. Rep. Morton and Sen. Goldwater hold similar views.

Mr. Humphrey says it will depend on the ability of both parties to remain broad-based. He predicts that "we will be confronted with a third party movement for some time."

Others questioned argue that the continuing existence of any sizable third party movement during the 70's depends on the political staying power of George Wallace.

If he goes into political eclipse, the expectation is that no significant third party movement will develop.

In 1972, says Chairman Harris, "you might have a party on the right, and a party on the left, as well as the two principal parties." But he adds: "I don't look for that to happen as a permanent part of the American political system."

But continuing changes within the established political framework are seen. One: Even more Republican strength in once-solidly Democratic Dixie, where in 1968 several states rejected Mr. Wallace and helped to fashion the Nixon electoral victory.

Prof. Paul T. David of the University of Virginia, a political scientist who is an expert on the South, sees significance in the growth of the

G. O. P. vote there in non-Presidential elections, predicting it will be about the same as the Democratic vote by 1974 or 1976. The result could be erosion of the longtime Democratic control of Congress, which has been held largely by virtue of Southern members not at all in sympathy with national party goals.

### Leaving home

Another emerging political force is what Mr. Scammon calls "crab grass trade unionists"—workers who have mastered trades and skills, have acquired their own homes and now worry about rising crime, prices and taxes. They are likely, Mr. Scammon says, to be members of the labor unions and ethnic groups that were major underpinnings of the New Deal. But they can no longer be counted on to vote Democratic.

A further mark of the dissolution of the New Deal coalition is the trend of the intellectual-academic bloc to lump the Democratic Party, its longtime political home, with Republicans as indistinguishable elements of the "Establishment," and to turn to other organizations.

"We don't support either the Democratic or the Republican Party," says Yale political scientist Michael J. Parenti, a leader in an insurgent group demanding the American Political Science Association turn militantly leftward.

The "Caucus for a New Political Science," organized within the association, "is challenging the legitimacy of the whole political system," says Dr. Parenti, who views both major parties as equally responsible for the war, draft, military budget, etc.

Whatever the political currents of the 1970's, prospects are the new decade, like those before it, will see the solution to some problems and almost surely will, at the same time, produce some new ones.

But no one suggests that a country that has gone through what this one has from its birth can't handle whatever comes along.

Says Republican Chairman Morton:

"I feel very, very strongly that the world is not going to hell in a handbasket, that we are just on the verge of a new plateau of civilization." **END**



#### #70: THE CASE FOR LOW OVERHEAD

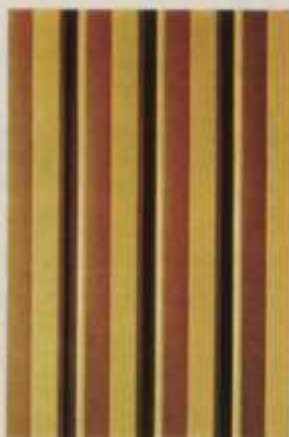
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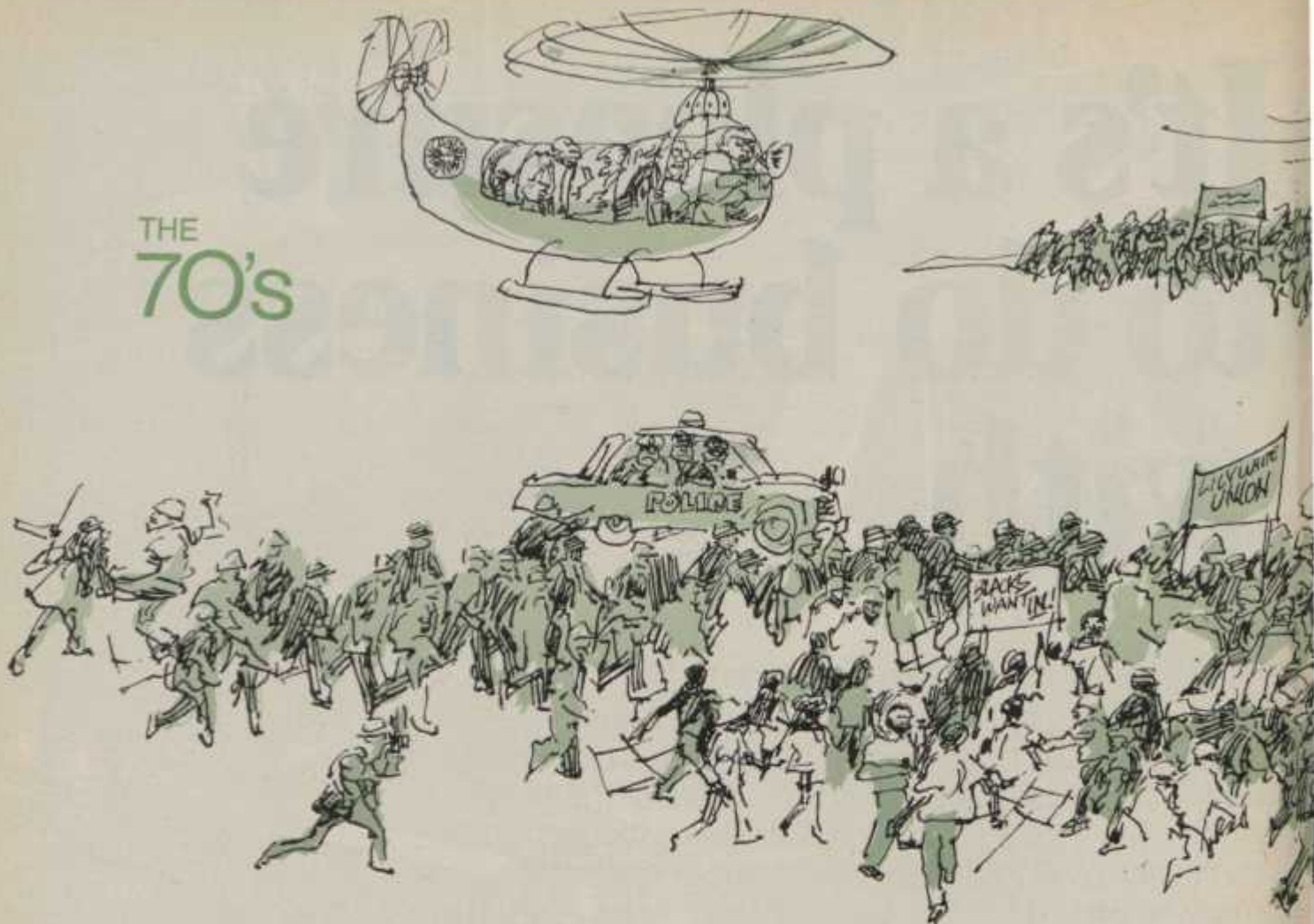
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THE  
70's



# THE NEXT DECADE FOR LABOR: FACE LIFTING AND SOME NEW WRINKLES

Both the great and grim aspects of automation will dominate American labor events in the 1970's.

In the coming decade most Americans will be healthier, better paid, better housed, better educated and more productive than ever. By the decade's end, most of those who work will be in exhilarating jobs which will permit use of their top mental capacities.

Increasingly, the drudgery of routine tasks will be assigned to an ever-growing complex of machines.

This is the view of experts from business, unions, education and government as they try to look at labor over the next 10 years.

And as economics dictate the continued mechanization of many jobs, new complexities loom in labor-management relations.

Already, thousands of businesses have launched programs on their own to upgrade skills of employees (or to train the unskilled) as they enter the new decade.

Labor organizations are expected to battle with renewed vigor for protection of workers' earnings. Already, powerful unions such as the Steelworkers are drawing elaborate plans to do just that.

Labor Secretary George P. Shultz believes the most important industrial relations problems of the coming

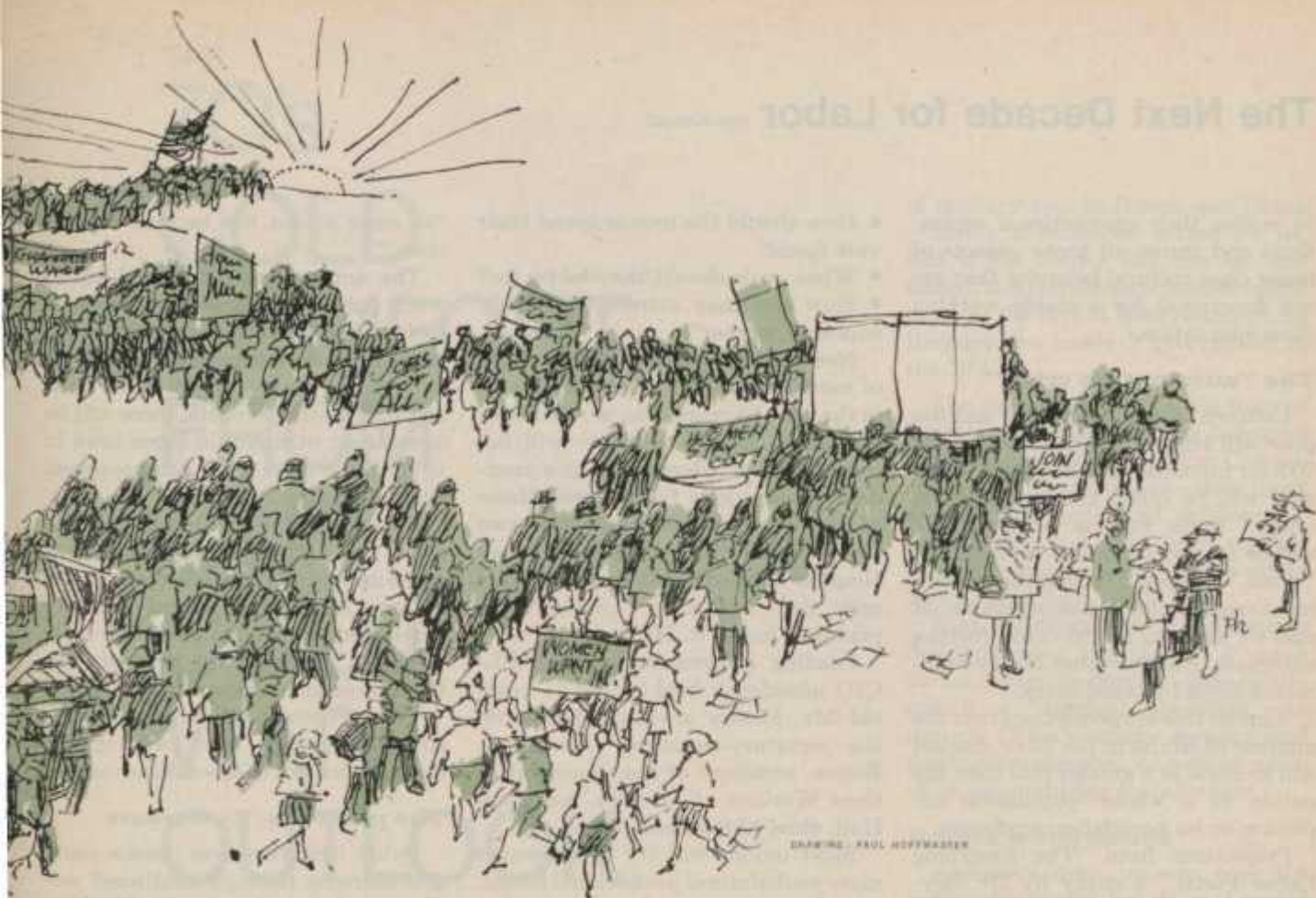
decade will center around employment of the less-privileged.

"How," he asks, "can the large number of black citizens and others who have not shared in the bounty of America be brought more effectively into jobs that are more useful to society and that have potential for personal and economic growth of the individual?"

The problem of employment for the unskilled and low-skilled could bring old practices into sharper focus.

Daniel Steiner, general counsel of the Equal Employment Opportunity Commission, believes the "very nature" of the collective bargaining process works against the interests of





DRAWING: PAUL HOFFMASTER

the groups not represented. He says:

"The Puerto Rican employee denied a promotion because he is a Puerto Rican, the working woman eager to compete for traditionally-male positions, and the black employee trapped in a low paying, dead end line of progression, have few avenues through which to voice their concerns and exert pressure for change. In almost all cases, only white males are sitting on both sides of the bargaining table."

#### Things to come

Experts expect the following in the labor scene in the next decade:

- Continued strong efforts by busi-

ness, government and unions to provide jobs for minority members.

- A burgeoning labor force, including a vastly expanded number of women workers.
- Increased pressures to automate.
- More proposals for government "solutions" to manpower problems.
- Attempts by union leadership to make unions "relevant" to the 70's.
- More mergers of labor unions.
- More union efforts to sign up people in traditionally nonunion jobs.
- Heavier union political spending in cities, counties and states.
- Greater pressure for reform of federal labor laws.
- Renewed appeals for compulsory

arbitration of "national emergency" strikes.

- A reduction in the power and influence of the National Labor Relations Board.

The concern of business and labor with social problems will continue to grow, even as economics dictate automation of routine, unskilled jobs.

"A very, very heavy emphasis must be placed on employment programs to provide jobs at whatever skill level they (the disadvantaged) possess," says sociologist Lee Rainwater of the Harvard University-MIT Joint Center for Urban Study.

"This would do more than anything else to enable lower class people



# The Next Decade for Labor *continued*

to realize their conventional aspirations and throw off those aspects of lower class cultural behavior that are not functional for a stable working class adaptation."

## The "automation crisis"

Concern over the unskilled and the poor will trigger new demands in the 70's for protection against what probably will be called the "automation crisis." Some experts believe there will be far-out proposals to meet the "crisis." One could be that the government create a new bureau which would rule on whether a firm could further automate. Another: that highly automated firms be taxed extra.

Against this are predictions that the number of adults in the labor market will increase at a greater rate than the nation as a whole—population explosion or no population explosion.

Projections from "The Emerging Labor Force," a study by Dr. Seymour L. Wolfbein, dean of Temple University's School of Business Administration, show the 1975 labor force will have increased 9 per cent above this year's to some 90 million—while the total population will have increased only 7 per cent, to about 217 million.

Dr. Wolfbein predicts the number of workers aged 25 to 34 in 1975 will have increased 8.75 million from 1965 and there will be a million fewer people aged 35-44.

Militancy by, against and within unions is expected to grow in the 70's.

Black groups have already risen up against the teachers union in New York City and the building trades unions in Pittsburgh and Chicago.

In the past year, Young Turks in unions have rejected 12.3 per cent of proposed negotiation settlements that federal mediators helped to form and that union leaders approved. AFL-CIO President George Meany calls this growing trend of contract rejections "an unfortunate situation" which "could badly hurt collective bargaining."

The giant labor unions more and more will be faced with these questions in the coming decade:

- What type of leadership is needed now in unions?

- How should the unions spend their vast funds?
- What goals should they lobby for?
- How can they attract the highly educated worker?

Newer hands will be taking control of most unions and labor federations in the next 10 years. The new Alliance for Labor Action probably will become a formal federation with a president whose views fall between those of the present leaders of the two major unions that belong to it, Walter Reuther of the United Auto Workers and the Teamsters Union's imprisoned James R. Hoffa.

Leading contenders for the AFL-CIO presidency held by the 75-year-old Mr. Meany are Lane Kirkland, the secretary-treasurer; Joseph A. Beirne, president of the Communications Workers of America, and Paul Hall, chief of the Seafarers.

Most unions will try to present a more youthful and professional image. They want to appeal to such growing categories of employees as professionals and office and government workers.

## Labor vs. labor

Many appraising the labor scene in the 70's foresee more clashes between unions and large professional associations. This has already happened in the teaching field. To stem membership raids by the AFL-CIO's American Federation of Teachers, the National Education Association has become more and more like a labor union.

Look for many unions, no matter how limited their spheres may seem by their names, to engage in a free-for-all in organizing workers traditionally in other unions' fields.

More unions probably will merge to avoid bloody jurisdictional fights.

The unions' major federal lobbying effort in the 70's will be to stave off "anti-union" proposals, and a large part of union lobbying is going to be redirected to cities, counties and states.

Union leaders will recognize they no longer have the membership support they once enjoyed in national politics. Even Mr. Meany has acknowledged that union membership

"to some extent has become middle class."

The unions aren't expected to do much pushing for broad additions to their power through new federal labor laws. They are aware of growing public concern over powers they now enjoy. If history repeats, there will be some basic overhaul in labor laws in 1971. From 1935 on, it has happened every 12 years.

Impetus for broad labor law reform could come from long strikes that cause major inconveniences across the nation. One possible reform—already demanded in some quarters—is creation of a special court to settle national emergency labor disputes.

The Nixon Administration is strongly against "arm twisting" to force settlement of labor disputes.

## The public vs. its workers

Public irritation over unions could also increase through continued service-disrupting strikes of public employees.

In response, some communities may disband money-losing services such as trash collection, mass transportation and fire fighting, turning these functions over to competing private firms.

New demands will be heard that a more equitable body than the National Labor Relations Board be given the job of resolving labor disputes.

Unions will continue to push for "innovations" in collective bargaining.

They can be expected to try to nationalize and standardize wages and benefits. They will seek also to broaden the issues on which to bargain. Aside from wages and work hours, there are indications they will try to have employers include in the packages such extras as transportation, auto payments and mortgage payments. And they can be expected more and more to seek a voice in decisions on how a firm is run.

Unions will be sorely pressed to come up with new appeals to workers in the 70's. Already, old-favorite union hall slogans like "starvation wages" and "sweat shops" are mere archaisms from a distant past. **END**



THE  
70's

# COLD COMFORT FROM OUR COLD WAR OUTLOOK

Out on the steppes of Central Siberia where a man can walk for days without seeing another man, along the frontiers of Mongolia where few from the West have been, up and down the Ussuri and Amur rivers on the Soviet-Chinese border. . . .

That's where much of America's foreign policy will be shaped in the 1970's.

Social and business conditions at home will determine to a large degree which direction our government takes in foreign affairs, and, of course, European allegiances and trading potentialities will have their effect on White House decisions. So, too, will South America, Africa and our friends closer to home, the Canadians and Mexicans.

But, from every indication, the Sino-Soviet border conflict will be

an overriding influence on our foreign policy for years to come.

Americans are entitled to ask why should a fight half a world away between our enemies be so important to us? Why shouldn't we cheer them on until they both fall over in exhaustion?

NATION'S BUSINESS asked 30 foreign experts, some of them diplomats, to assist in preparing this forecast for the 70's, and from them come these answers:

- There is the horrifying possibility that nuclear warfare will develop from the border battling. Nuclear warfare means everyone, including us, loses. And a wild move by Moscow or Peking, nuclear or otherwise, could touch off World War III.
- Military actions increase the role

of military men in Russia and China—hardly a beneficial action for us. But if the border war can be contained, less intransigent leaders might come to the fore in both countries, as they get new heads of government in the 70's.

The experts say that their fears of burgeoning border war are bolstered by the volatility of both the Chinese and Soviet governments—they don't always hold back and deliberate—and by the fact that both regimes have domestic problems which would be upstaged by a conflict.

Also, the experts say, the Russians find appealing the idea of a quick thrust across the border—they lightly call it a "surgical operation"—to destroy China's nearby research and production complex, as well as much of its oil-producing installations.

## Rogers is concerned

America's deep concern over the border imbroglio has been brought out during briefings by Secretary of State William P. Rogers. During other briefings at the State Department and at several embassies in Washington no one would say big war is out of the question. Everyone did say he felt that the border conflict would go on and on, and that he hoped it would not get worse.

What is behind the fight that's so important to us for the 1970's?

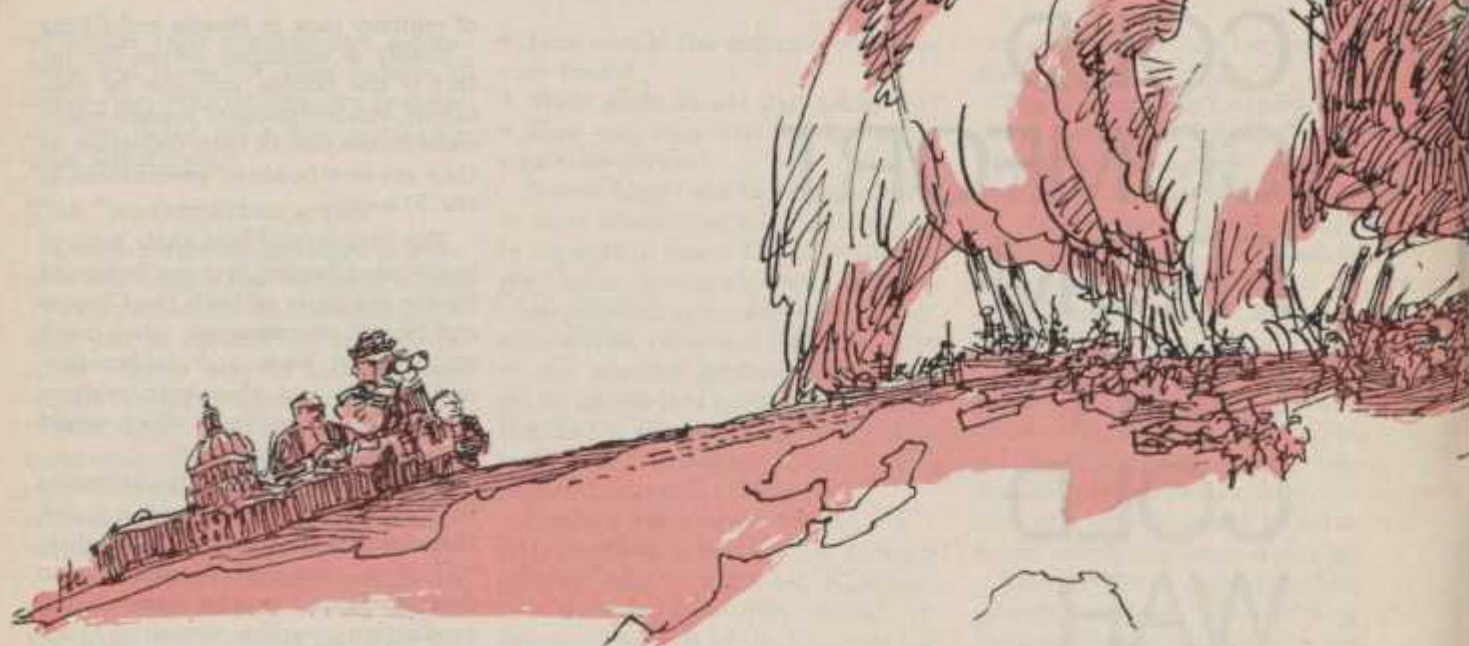
The main cause is that China and the Soviet Union are the Big Two of the communist world and each fancies itself the Big One.

They also have deep ideological differences. Both consider the United States a traditional adversary, but the Soviets prefer to peck away, hoping to wear us down, while the Chinese prefer to face the U. S. squarely, even to the extent of setting up the Korean War and promoting Vietnamese warfare.

China and the Soviet Union have territorial disagreements that have stood unresolved for many years. There are other historical antagonisms, and there are the obvious racial differences.

As the 60's fade, optimists continue to hope the border adversaries will be too occupied with each other





## Cold Comfort From Our Cold War Outlook *continued*

and with internal affairs to stir up troubles elsewhere.

This has been somewhat true with China.

It has not been true with the Soviets and this is made clear in statements by Secretary Rogers. We carry with us into the 70's added troubles due to Soviet supplying of arms in assorted areas, and the running sores of Soviet intervention in Czechoslovakia and Cuba, which has begun getting fresh backing from Moscow.

Look next at what's happening in the United States as compared with events in the Soviet Union.

America is downgrading the military while Soviet soldiers and generals haven't had so much respect at home since World War II. We are pulling back from overseas posts while the Soviets are sending arms and/or men—sometimes troops, sometimes advisers—into Egypt, Yemen, Syria, Iraq, the European satellites, Mongolia, Cuba, Algeria, Somalia, Sudan and Nigeria.

President Nixon held an off-the-record press conference on Guam last summer and the gist of what he said was that the United States will keep a much lower silhouette in the world.

Other countries must attend to their own defenses while we stand smaller.

Senate Foreign Relations Committee Chairman J. William Fulbright of Arkansas has risen to his feet in the Senate scores of times in the past five years to urge just this.

He also has demanded more consultation between the White House and Capitol Hill on foreign affairs, and it is acknowledged these days that the Senator is getting what he wanted.

While our silhouette is being lowered, the Soviets are raising theirs. They have never been so obvious in so many places.

Robert Kilmarx, professor at George Washington University in Washington and foreign expert on the staff of the Center for Strategic and International Studies, says the Soviets can sit steady in the boat and make great progress compared to the United States. The Center points out the U. S. has injured its foreign image with race riots, assassinations, campus problems, inflation, military withdrawals and reductions in military research and development.

Many political and military officials believe that sometime in the early 1970's the Soviets will pass us

in over-all military strength. The Red Army is stronger than America's. Soviet air power is nearly equal to ours, Soviet missile strength is, to say the least, in the same class with American missile strength. We already lag in defenses against missiles. Even in naval power—traditionally an American and British domain—the USSR is pulling up fast.

We are slashing our military budget while the Soviets step theirs up at about 8 per cent a year. We are retiring ships and closing foreign bases while the Soviets—and this is something new—now keep a minimum of 125 warships in foreign seas.

The average American is 28.6 years of age and his only association with the Cold War is through reading and listening. Youngsters find it hard to believe that the men in the Kremlin are long-scheming, rugged fellows with great patience, that we nearly went to war with the Soviets in 1962 over missiles in Cuba but that scores of Soviet missiles on nuclear submarines are now all around Cuba, aimed at us.

### Outlook in Europe

Turn next to Europe. What's for America there in the 70's?





DRAWING: PAUL HOFFMASTER

It is a good bet that within two years we will withdraw 35,000 to 50,000 men from our NATO commitment in Germany. Democratic Sen. Mike Mansfield of Montana, the majority leader, urges withdrawals on an even larger scale. Meanwhile, Canada and Britain have already announced withdrawals, and France has dropped out of NATO, leaving that military-political grouping in its weakest condition in 10 years.

On the other hand there are at least four bright spots in Europe.

1. Efforts are under way to give NATO an added mission besides being a military shield against an enemy (the Soviets) which is most likely to be too busy elsewhere (along the Chinese border) to stir up trouble in Europe.

2. President Nixon is European-oriented and policies he discusses in briefings, press conferences and speeches are aimed at improving the sorry state of our prestige there. Former President Lyndon B. Johnson all but turned his back on Europe.

3. European monetary affairs are in better shape than they have been recently. Our ally, Britain, looks financially healthier.

4. The Soviets eventually will have

to pay the piper for their rape of Czechoslovakia, say State Department Soviet watchers.

On the dark side is the danger to peace in the Romanian and Yugoslav pullbacks from the Soviet bear hug.

It is believed the U. S. would give military aid to Yugoslavia—with which Western nations have common boundaries—in the event the bear reaches out. The West would not aid Romania—with which there is no common boundary.

#### Outlook in the Middle East

A grim picture faces us in the early 1970's in the Middle East. We obviously can't control Israel and the Soviets obviously can't control the Arabs. We are trying harder than the Kremlin is, but that does not seem important.

Instead of cooperating, the Soviets have:

Rearmed Arabs since the 1967 war; sent fliers into combat in Yemen and Egypt; established enormous embassies, trade missions and military advisory groups throughout the Middle East; beefed up their fleet in the Mediterranean; moved into the Red Sea, with warships calling fre-

quently at El Quseir, which gives them use of at least three naval bases in the area; started naval squadron calls in the Persian Gulf; stirred up minor troubles in Bahrain and on the Horn of Africa; tried to undercut America's traditional friends in the area, such as Saudi King Faisal; helped bring on coups in Libya and Sudan.

David M. Abshire, director of the Center for Strategic and International Studies, recently led a detailed investigation of Soviet sea power. The findings make scary reading.

And the recent coup in Libya creates for the first time a situation in which more Arab countries lean toward the Soviets than toward the West. This will be a factor in years ahead.

So, too, will be increased dealings between Soviets and Iranians. Ten years ago, there was nothing but dislike between the Shah of Iran and communists.

Today, they barter in natural gas, military transportation equipment and other items.

What chances are there that war will break out in the early 1970's in the Holy Land? The answer is: Chances are there will be war, if



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## Cold Comfort From Our Cold War Outlook *continued*

indeed we don't already have what amounts to war going on there.

### Outlook in Viet Nam

And Viet Nam?

Those who have urged American withdrawal can see progress in that suffering land. Before 1970 is very old, the U. S. commitment in Viet Nam will be considerably lessened.

Recently a high-ranked U. S. foreign policy-maker looked ahead and saw this on Viet Nam:

"We will be busy trying to prove that our stay had positive results, that our commitment was worthwhile. We will be trying to show we kept the North Vietnamese from over-running South Viet Nam and that South Viet Nam is a better place because we were there. We cannot afford to let the world believe we did not meet our commitments.

"In the next few months the North Vietnamese have three alternatives:

"They can keep things at low key. This they are doing now. If they elect this course our pacification program and Vietnamization of the war will go smoothly forward.

"They can lie low until autumn of 1970, which will be election time here. Then they can come roaring back, knowing full well no American politician during an election year can afford to pour our men back overseas.

"They can make some kind of political gesture in Paris early in the year in hopes of exacting some U. S. concession.

"Which of the three will they select? I wish I knew."

### Reorienting in the Orient

Changes will be made in U. S. alignments in the Far East. We are certain to have at least a partial military pullout from Okinawa, where the Japanese demand that we return control to them and that we remove nuclear devices.

Meanwhile, the Philippines are making increasingly loud noises about wanting us out of, at least, one naval base and wanting us to relinquish considerable real estate around Clark Field. We and the Filipinos have been pulling away from each other for years, and this is certain to continue into the 1970's—unless a big com-

munist war breaks out in Southeast Asia, in which case all little countries out there would be screaming for us to rush back.

With these pullouts coming we are left with Chiang Kai-shek on Taiwan and our own island of Guam in the Western Pacific, which probably will be made into a stronger U. S. military bastion. We also will most likely fortify Trust Territory islands such as Saipan and Tinian, and station the bulk of our Pacific air, nuclear and naval strength there. This brings us back to Red China and its border conflict with the Soviet Union.

For several years the United States has indicated it considers establishing diplomatic relations with Peking to be worth thinking about.

This is diplomatic gobble-de-gook for, "Let's recognize Red China but let's not do it quickly or tell the American people for certain that we're going to."

Chances are that we'll do it sometime in the early 1970's. **END**

### The "Second Rise" of the Land of the Rising Sun

Japan is apt to become the world's third most important power in the next decade, according to "Our Future Business Environment," a General Electric Co. study reflecting the views of a group of America's "best thinkers."

It says the power shift implicit in the "second rise" of Japan seems generally overlooked at a time "when most of the world has a 'China obsession.'" But, it predicts, China's neighbor to the east will become the Orient's most important power. Japan's growing economic strength should lead to growing political influence, it says.

The Japanese economy "seems likely to grow at rates of 7-9 per cent a year for the foreseeable future," the study says. "Already passing West Germany as the No. 2 automobile producer, Japan should, before 1975, be ahead of her in total economic capacity."





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# BUSINESS CAN STAND GUARD FOR THE CONSUMER

BY MARY GARDINER JONES  
Member, Federal Trade Commission



"It's a Groove to Borrow Money, but a Drag to Pay It Back."

That's the title of a brochure that's becoming a best-seller in some circles in Atlanta.

Or rather, a best nonseller, because it's being given away—not sold.

The Atlanta Legal Aid Society wrote the pamphlet. It's being given to low-income families which too often fall prey to money-lenders who aren't candid about interest rates—or what happens if the borrower defaults.

The Society has other brochures.

One's entitled: "I'd Rather Walk Clean Across Town Than Pay 45 Cents for a Bunch of Greens." It explains how to get the best buys when you're shopping for groceries.

Another is called: "They Fixed My Porch, but Then They Took My House." It tells what pitfalls to avoid in home improvement contracts.

The Atlanta Chamber of Commerce is picking up the printing bills.

To me, this is a good example of how business can help solve one of the crying needs of the day. That is, protecting and educating the public so it can make informed, intelligent decisions when it buys, builds or borrows.

### Neither boob nor genius

It's high time that all of us recognize who the consumer really is.

Today's consumer is not a gullible Milquetoast wholly at the mercy of a predatory business community—a poor sap who has to hang on to Washington's hand to thread his way through the jungle of the marketplace.

Nor is he an all-wise arbiter before whom business trembles and whose dictates make or break a product on the market.

In short, he is not the exploited boob that some self-anointed consumer protectors say he is. Nor is he that paragon that some business spokesmen like to paint him as.

True, some consumers are Ph.D.'s or electrical engineers. But others are busy salesmen who haven't the time or inclination to read the small print about weight, measure and directions for use. Many are intelligent housewives who still may not know the difference between modacrylic and polyester.

And some are high school dropouts who can barely read or write.

All of them need—and are entitled

to—enough information about the products or services they buy to know what they are getting, what it will do and how much it will really cost.

More and more Americans are refusing to settle for less.

If business doesn't give it to them, government will.

Here in the Federal Trade Commission, we get an earful from consumers.

The FTC is charged with safeguarding the public by preventing false or deceptive advertising—or other unfair or deceptive business practices. To some, we're a cop.

### A shoulder to cry on

But to many consumers, we're the only shoulder they can cry on.

Our Washington office alone gets nearly 100 letters a day, asking for advice or complaining of real or alleged wrongs.

So we know from experience that consumers are often confused, sometimes disgusted, and usually convinced that no one cares about their views or gripes. Consumers tend both to trust too much—and trust too little.

The lower-income buyer seldom makes that second or third purchase so often cited as his chance to reflect his experience and preference in the marketplace. Continued sales, therefore, may merely reflect the buyers' ignorance of the existence of a better product at a lower price.

The consumer's preference for a well-known brand may simply reflect blind faith rather than shrewd judgment.

But this is not to deny the importance of the free market as an arbiter in our free enterprise system. This unique mechanism solves most of the consumers' problems. It does its job remarkably well.

The government does not, and should not, tell business what to produce or labor where to work. Nor should it tell the consumer what to buy.

When and if government does that, Orwell's "1984" is here.

Consumers are demanding two things: Information and protection.

Business has tried—and is trying harder—to give consumers the information they need to buy wisely.

For example, every copy of Sears Roebuck's 1969 fall-winter catalog has a special, four-page "Guide for Informed Buying." It explains in layman's language the meaning of many

terms which the consumer bumps up against. Like the difference between water-repellent and waterproof.

The Maytag Co. offers consumers a 16-page booklet on "How to Read a Hangtag." It gives detailed information on caring for clothing and home furnishings.

J. C. Penney Co., Inc., provides at cost consumer buying guides for 20 different kinds of products—from shoes to hair pieces.

The Rubber Manufacturers Association has published a 12-page "Consumer Guide to Tire Care and Safety."

These are but a few instances of growing emphasis on consumer education by business.

Nor have businessmen ignored protecting the consumer against shoddy products or unethical businessmen who fleece him.

For years, the Association of Home Appliance Manufacturers has served as a court of appeal for consumers dissatisfied with their treatment by appliance makers. It forwards complaints and follows up to see that legitimate gripes are satisfied.

Recently, it set up an independent council, with government and consumer members, to audit this program in the consumer's interest.

But businessmen are kidding themselves if they think nothing remains to be done. Discussing "consumerism" recently, James J. Bliss, executive vice president, National Retail Merchants Association, spoke bluntly.

"There are indeed abuses and malpractices and foul-ups within our marketing establishment," he said.

"The great majority of cases of deliberate deception and fraud have involved the small minority of unethical and irresponsible business practitioners. But by burying its head in the sand, the respectable business community, in effect, condoned malpractices of the minority, and left itself vulnerable to a major onslaught of anti-business sentiment and action."

### A new federal agency?

Is the answer a new federal Department of Consumers? I think not.

What would a Department of Consumers do?

Among other things, it would probably lock horns with many other federal agencies.

Many Americans may not recall that we once had a vest-pocket edition of a Department of Consumers.

It was part of the Depression-born



## Business Can Guard Consumer

*continued*

National Industrial Recovery Administration. It was called the Consumers Advisory Board and was meant to be the consumers' voice in the agency. NIRA helped set up industry codes for all businesses in a desperate attempt to revive business, with Washington manning the pulmotor.

NIRA codes covered wages, prices, working conditions. In short, the waterfront.

Its consumers board claimed equally wide jurisdiction.

Anything affecting the final retail price of "consumer goods," it argued, was its concern.

At one point, the board was told that sales of leather belting were none of its business, because "it is sold to a factory, like machinery."

But Executive Director Dr. Edgar M. Keezer replied:

"If buyers of manufacturing equipment pay unreasonably high prices, it seems to us that the ultimate consumer stands to lose, and that the terms of such purchases are properly a matter of concern to the CAB."

### Prying everywhere

If you take a broad view, freight rates, fuel prices, insurance, costs of farm machinery or raw materials—like fertilizer, coal or steel—all fall within a consumer board's scope.

And, it might well be argued, within the scope of a Department of Consumers, too.

Logically, such a department could argue that it should have a voice in nearly every government decision—the price of an airline ticket, the size of farm subsidies, mineral depletion rates, construction of nuclear power plants, allocating air routes or approval of railroad mergers.

What decision doesn't somewhere, somehow, impinge on the consumer's comfort, convenience or pocketbook?

But arming a department with this broad authority is an open invitation to interdepartmental blood-letting—and administrative deadlock.

As Congressman Clarence J. Brown Jr. once warned, it would mean that half the decisions in Washington would wind up in the President's lap.

Congresswoman Leonor Sullivan, a well-known consumers' champion,



*"Consumerism is a challenge to business to respond constructively and positively to consumer problems."*

says she doubts if a Consumers' Department could effectively perform as a challenger to other agencies.

Making clear that she was neither for nor against a bill to create one, she told a House subcommittee:

"I do not foresee... (the President) encouraging or permitting a Secretary of Consumers to denounce publicly the policies of other agencies once they are set and agreed to within the official family.

"Yet I think that is the kind of role you are contemplating or considering for the Secretary who would be appointed under this legislation—a rally point for consumers within government in the setting of policy, and then a resource or reservoir for guerilla warfare against an anticonsumer policy, once it might be set."

Apart from friction, setting up a special consumers' department might tend to relieve other federal agencies of any feeling of responsibility toward consumers.

In the long run, I think, consumers would be the losers.

I believe the Federal Trade Commission is better equipped to find realistic and workable solutions to consumer problems because it does have a dual responsibility—regulating business conduct and protecting consumers.

Effective and forceful government consumer protection programs can do much to stamp out deception and fraud. But they can't do everything.

We must face facts.

Deception will always take its toll

of some consumers. One way to curb it is consumer education and counseling. Businessmen are in an ideal position to set up such programs.

They are in close touch with employees and with consumers. Both can help to master the complexities, confusions and even deceit they meet in the marketplace.

Many businesses, of course, do have such programs. We need more.

Industry, for example, can do much through self-regulation.

Product and performance standards are increasingly being demanded by consumers. Yet Washington does not have the technical expertise to draft standards for all the cornucopia of products that line our store shelves.

The FTC staff, for example, numbers only 1,200. Its budget is \$15.2 million. If it had 10 times as many people, and spent 10 times as much money, it could only skim that surface.

Thus the FTC often will have to look to industry to propose standards and regulations. Washington's role should be to stimulate industry to act—and to police the administration of these standards and regulations.

Voluntary action is the traditional way Americans solve their problems, if possible.

Consumerism is a challenge to business to respond constructively and positively to consumer problems. The answer to it lies in more mutual understanding and cooperation between businessmen, consumers and government.

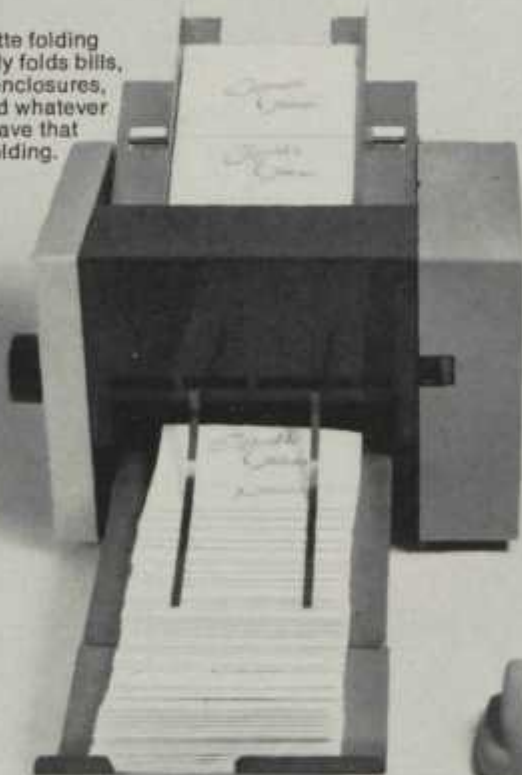
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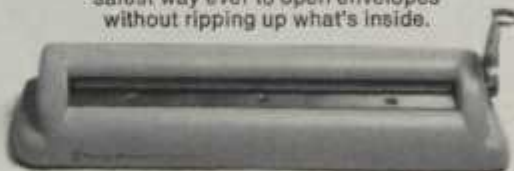
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# Movers for '70.





# business: a look ahead

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## AGRICULTURE

A big fight is brewing among the nation's farmers over a massive diversion of acreage from surplus crop production.

There is widespread support among organized farmers and businessmen for subsidized retirement of land now producing crops like wheat and cotton (see "Too Much of a Good Thing?" in September's Nation's Business).

But there is growing dispute over permissible uses of land removed from surplus crop production in order to curb overproduction and to encourage farmers to try other crops or other ways of making a living.

Biggest dust-up is expected to occur over grazing. Will farmers who quit planting wheat be permitted to raise beef on that land while receiving payment for land diversion?

"This is going to be the big hang-up," remarks one Washington farm observer. And a business observer finds the same concern reflected privately in conversations with Congressmen who are in charge of farm legislation.

Impact of the decision will be felt by feed grain producers, cattlemen, meat packers and ultimately the consumer.

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## CONSTRUCTION

A major tryout for manufactured housing is getting under way in the Southwest, employing new cost-cutting techniques.

Construction involves panels for roof and walls, cast in an on-site "factory." It's the first operational application of methods developed through an experimental joint venture of the Portland Cement Association and the National Association of Home Builders in Washington.

Panels have been used extensively in

Europe, and have been joined by welding together metal fittings fused into them. The technique to be used in the U. S. project involves joining the panels with "grouting," or high-strength cement.

Industry observers say the project has many of the elements of manufactured housing being advocated by Housing Secretary George Romney in attempts to increase the supply of low- and middle-income residences.

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## FOREIGN TRADE

Long-range prospects for beef exports give some solace to U. S. observers concerned about decreasing grain export demand.

Wheat exports have been declining as more and more developing countries become more self-sufficient in production. But this can lead to increased demand for meat in those countries.

One wheat authority observes on the basis

of Far Eastern experience that rising self-sufficiency in agriculture provides the basis for the industrialization stage, accompanied by a higher standard of living.

Japan gives one example of market potential. U. S. exports of beef and veal to the Japanese totaled 37,000 pounds in 1960, 98,000 pounds in 1966 and 401,000 in 1968.



## CREDIT AND FINANCE

Treatment of tax exemption for municipal bonds looks like one of the stickiest issues involved in tax reform legislation.

It's fashionable to talk about the plight of local government and the crisis in the cities, much of which can be translated into the need for money.

But House-passed legislation would re-

move municipal bonds' no-tax feature, which has helped keep them marketable and has reduced the interest burden on municipalities which issue them.

Senate efforts to preserve their tax exemption have kicked up a dispute almost certain to be thrashed out in floor debate, and to continue in conference with the House.

## MANUFACTURING

Two separate and apparently unrelated developments in St. Louis, Mo.:

The public school system is beginning a program funded by a \$770,000 poverty grant to encourage potential dropouts to stay in school. A school board study had noted:

"... Most of the unskilled labor jobs which were available three or more decades ago in our economy have disappeared with ... technological advances in industry and the steady decrease in unskilled jobs in agricultural areas."

Meanwhile, a St. Louis firm, Diversified Metals Corp., recently launched a newspaper ad recruiting drive for workers, including the unskilled, for jobs paying \$100 to \$150 a week.

Of 141 applicants, only 38 went on the payroll. The others didn't want to work nights, thought the pay too low, or weren't seriously interested in working. A member of Congress from the area has asked the Labor Department to figure out what's wrong.

## MARKETING

Computerized analysis may help textile manufacturers to gauge an elusive form of consumer preference.

Manufacturers have long known that a major element of fabric acceptance is what the trade calls "hand" or feel, reflecting a combination of roughness, stiffness, warmth and compactness of weave.

Modern technology makes it possible to impart almost any "hand" to a fabric, but consumer preferences seem to vary, depending on a given product's end use.

Systematic analysis of consumer preference has been devised by the Agriculture Department's Dr. H. P. Lundgren, considered a leader in development of shrink-resistant wool and application of permanent press techniques to wool.

The system consists of using panelists to analyze various types of fabrics destined for a number of end uses, grading each according to the four elements of "hand" and feeding the results to a computer programmed to weigh the results.

## NATURAL RESOURCES

Expansion of outdoor recreation facilities can contribute much to the environmental pollution some outdoors-lovers strive to combat.

In the case of water pollution, for example, it is altogether possible to find a small lake high in the mountains, far from industrial plants and municipal sewage plants, acting

as if it were a miniature Lake Erie. One engineer tells of how access roads, parking and campsite development can disturb conditions of rich topsoil, causing nutrients to flow into a lake and producing the same algae conditions often attributed to cities and industry.

## TRANSPORTATION

Growing congestion between major cities and the airports serving them is creating pressure for greatly improved access facilities.

Cleveland has extended its rapid rail transit system so as to reduce the trip to the airport to 18 minutes.

In Washington, there's talk of running a line to Dulles International Airport in nearby Virginia once the Washington area's rapid rail system is launched.

(Also in Washington, improved airport

access was one element used to justify an additional Potomac River bridge crossing, and Virginia has urged accelerated construction of an interstate link serving Dulles.)

There's a proposal to link New York's Penn Station and Kennedy International Airport with 25-minute service.

And Pan Am President Najeib Halaby recently expressed hope that some form of rapid transit in San Francisco will serve that city's international airport.



# EXECUTIVE PAY— YOU WILL MAKE MORE

Total compensation for some company officers will fall because of decreasing stock option values, but a survey shows salaries and bonuses continuing to rise

Executive salaries will climb in 1970, but total pay will dip sharply for some, a survey of 452 U. S. companies in 39 major industries reveals.

More and more chief executive officers, and other high-ranking residents of the executive suite, receive part of their pay in stock options.

But stock prices have been down.

With recent stock prices well below option prices in many cases, a high percentage of executives simply has not been exercising options. Thus, what looked like money in the bank when the options were granted years ago has evaporated.

Executives who have exercised options in the last few months—for investment or other reasons—are most likely suffering losses on them, if only on paper.

## Not bleak for all

The picture is a lot rosier for executives whose pay packages aren't affected by stock options.

Salaries will maintain the same steady upward pace in 1970 that they have for the last five years.

Secondly, bonuses don't appear to have suffered because of low profits in some companies or because the market has taken a nose dive. From all

ROBERT E. SIBSON, author of this article, is president of Sibson & Co., Inc., management compensation consultants. *Nation's Business* exclusively is publishing this information taken from Sibson & Co.'s *Fifth Annual Report on Management Compensation*.

evidence, bonuses will be at least as high as they have been for the past several years, if not higher.

What's more, looking ahead 15 years, many jobs will carry a price tag almost twice today's. Some jobs will come close to tripling in pay.

## Chief executives' salaries

In any study of executive compensation, the first figure to examine is the salary of the chief executive officer.

Is it too low?

Too high?

If it is inappropriate, whether too much or too little, it's likely all other salaries in the company will be out-of-line, too.

Table 1 shows approximate salary levels in 1970 for chief executive officers in companies ranging in size from \$500,000 in sales to \$10 billion. The salaries are also ranked from high-paying industries to low-paying industries.

Size of company and type of industry are two important determinants of the chief executive officer's salary. The company's profitability also is a factor. For example, medium-paying industries include some very high-paying companies; they tend to be the more profitable companies.

For those chief executives who will receive increases in 1970 salaries, the hike will be between 8 and 15 per cent. Since some won't receive increases, the over-all average will be about 4 per cent.



Two of every three chief executives will get a salary boost, this study indicates. The same ratio will hold true for all senior management.

Salaries alone may be no indication of the total earnings of top executives, of course. Bonuses can produce huge variations in the year-to-year total compensation of many chief executives. Bonuses are usually based on results achieved, measured in terms of profit in most cases. Thus, the chief executive's total income can change by 50 per cent or more (up or down) every year—depending on whether his company made money or failed to do so.

Capital income programs (such as stock options), which also add to the top managers' total compensation, tend not to have significant year-to-year fluctuations. This year is an exception, however, thanks to the serious sag in the stock market.

The figures in Table 1 are useful guidelines for setting the chief executive's salary level. However, they are only guides.

A salary plus or minus 10 per cent of those in the table would be on target. In fact, plus or minus 20 per cent might be appropriate depending on:

- Whether the company gives out bonuses. Those that do tend to have lower base salaries than those that don't.
- Whether the company is in a high-, medium- or low-paying industry.
- Sales volume. Companies with sales higher than average in a par-

ticular group would tend to pay higher salaries.

- Performance, persuasiveness or charm of the individual chief executive.

#### How industry pay differs

Some industries pay better than others.

As Table 1 shows, salary differences between high-paying and low-paying industries can be substantial.

There are several reasons.

One seems to be the degree of difficulty of the management job. Admittedly, it is hard to prove that managing one type of company is inherently more difficult than managing another, but there are observable differences. The more difficult management jobs tend to exist in the higher-paying industries.

Profitability of the industry is another factor. The more profitable industries pay more on the average, especially those with long records of high profits.

A third factor is how unique an industry and the companies that comprise it are. Businesses unique in their products, patents, technological advances, distribution, merchandising or some other essential tend to pay higher. Conversely, basic commodity businesses tend to be rather low-paying.

In compensation, dramatic trends do not show up on a year-to-year basis.

But over the past five years pay differences between top managers,

regardless of industry, have narrowed noticeably.

There are increasing similarities in the chief executive's job, irrespective of industry. This, and other factors such as more uniform compensation plans, tend to diminish variances in pay.

In the middle level jobs, however, there still are large variances. The differences, even between positions that carry the same title, exist because of the nature of the work itself.

For example, the quality control manager in a pharmaceutical company has a very different job from the quality control manager in a toy factory.

Pay tends to relate to the difficulty of the job, and its importance in the company.

#### Pay at the second level

In the past few years, there's been a quiet shakeup in the way companies organize themselves.

The classic form of organization, of course, is the pyramid, with the president on top.

Below him is a second level of functional managers (manufacturing, marketing, finance, administration, research and development personnel) and there are succeeding strata of line and staff assistants to these top two levels.

Now there's a trend away from organization by function, and a trend toward organization by business results area.

More and more companies are



## Executive Pay—You Will Make More *continued*

establishing divisions—profit centers, really—with general management executives at the top. Among larger companies—those grossing \$150 million or more—the divisional organization is more prevalent than the functional.

Table 2 gives the salaries of second level men—whether division heads, or functional heads such as corporate vice presidents of marketing, manufacturing, finance or research.

If a company is organized along divisional lines, it should refer to the "division managers" section of the exhibit to ascertain the appropriateness of its second level salaries.

If a company's manufacturing, marketing, R & D and financial managers report directly to the chief executive officer—and location, works or division managers report to them—it should refer to the "functional positions" portion of the table.

Turning first to the salaries of the division managers, several things are worth noting.

First, amount of salary depends on a number of factors: the size of the division, the pay characteristics of the industry in which the division operates and the degree of autonomy of the division head.

The greater a man's freedom of action (the less corporate supervision), the greater his pay.

As will the chief executive's post, the job of division manager will average about 4 per cent more in 1970.

Increases for individuals, however, are a different story. Division managers who qualify for pay boosts in 1970 can expect 8 per cent to 17 per cent hikes—depending on performance and profits.

Many division managers—particularly those with some degree of autonomy—also receive substantial bonuses and stock options. Although the desire to create incentives (and consequent rewards) is one objective, it is not the only one. A strong division manager makes a good prospect for a firm looking for a chief executive, and present employers try to corral their good men as securely as possible.

For functional managers, salary increases are somewhat comparable to those of division managers. Average pay will go up from 5 per cent to 6 per

**TABLE #1**  
**SALARIES OF CHIEF EXECUTIVE OFFICERS**

Size of company (by sales volume, in millions)	High paying indus- tries	Me- dium to high paying indus- tries	Me- dium paying indus- tries	Me- dium to low paying indus- tries	Low paying indus- tries
(Salaries listed below are in thousands)					
\$0.5 to 1	\$29	\$27	\$25	\$23	\$19
1 to 5	41	38	36	33	27
5 to 15	56	52	48	44	38
15 to 25	68	62	58	54	46
25 to 35	76	68	65	60	51
35 to 50	83	75	71	65	56
50 to 75	92	83	78	72	62
75 to 125	104	94	89	81	70
125 to 250	123	111	105	97	83
250 to 500	148	132	125	115	100
500 to 1,000	177	160	150	138	120
1,000 to 2,000	210	190	180	165	142
2,000 to 5,000	265	240	225	205	180
5,000 to 10,000	325	295	275	250	220

### RANKED BY SALARY ONLY OF CHIEF EXECUTIVE OFFICER:

Representative high-paying industries include: Advertising, cosmetics and toiletries, and distillers.

Medium to high-paying industries include: Business machinery, life insurance, metals, pharmaceuticals, printing and publishing, and textile-apparel.

Medium-paying industries include: Aerospace, automotive supplies, banks, building supplies and equipment, fabricated metal products, general insurance, glass, paper, petroleum, rubber, tobacco, and tools and hardware.

Medium- to low-paying industries include: Auto and truck, beverages (soft), chemicals, education, electrical and electronic, food, furniture, instruments, leather, machinery, railroad and bus, textile-fabrics, and utilities.

Low-paying industries include: Airlines, construction, government, hospitals, and wholesale and retail.

### RANKED BY TOTAL COMPEN- SATION OF CHIEF EXECUTIVE:

Representative high-paying industries include: Advertising, auto and truck, cosmetics and toiletries, and distillers.

Medium- to high-paying industries include: Automotive supplies, business machinery, metals, petroleum, pharmaceuticals, rubber, textile-apparel, and tobacco.

Medium-paying industries include: Building supplies and equipment, chemicals, fabricated metal products, food, instruments, life insurance, machinery, paper, printing and publishing, and textile-fabrics.

Medium- to low-paying industries include: Aerospace, banks, beverages (soft), general insurance, construction, electrical and electronic, furniture, glass, railroad and bus, tools and hardware, wholesale and retail, and utilities.

Low-paying industries include: Airlines, education, government, hospitals and leather.



cent in 1970; individual pay increases will range from 8 per cent to 15 per cent.

Table 3 shows benchmark salaries for 30 representative jobs further down the line.

There's also a projection of what these salary levels will be in 1984.

Perhaps the most important finding that emerges from a study of the 1970 and 1984 pay levels is that companies are beginning to pay more for knowledge than experience. It seems likely this trend will increase.

### The total pay package

While salaries will increase in 1970, and bonuses paid in 1970 for 1969 performance will hold steady, capital income (qualified stock option plans are the most common form of capital income programs) based on 1969 prices will plummet.

Table 4 shows how serious the chop will be. For the past five years, compensation received from capital income plans has matched or outpaced bonus income. And bonuses have been anywhere from 10 per cent to 125 per cent of salary.

In 1970, however, capital income compensation will be from nothing to 50 per cent of bonus income up to the \$25,000 salary level. For executives making more than \$25,000 who are eligible for capital income, the findings are really painful.

For example, in 1969, a \$100,000 executive could expect to receive as much as \$55,000 in capital income. In 1970, he's more likely to average \$15,000.

He can blame the stock market, because nearly all capital income programs are based on company stock. As long as the stock market is depressed, stock option plans may be valueless.

There are several such long-term incentive plans under consideration in some major companies now. And it is likely that 1970 will see formal announcement of new programs.

The time is overdue for a long-term management incentive plan that works as well as bonuses do for the short term. Bonuses can be directly related to performance that is measurable. Increases (or decreases) in stock price may or may not be related to management performance.

TABLE #2

## SALARIES OF LEVEL #2 EXECUTIVES: DIVISION MANAGERS & FUNCTIONAL MANAGERS

DIVISION MANAGERS Size of division (by sales volume, in millions)	Salaries (in thousands)		
	High*	Medium**	Low***
\$1 to 5	\$32	\$29	\$26
5 to 15	43	37	34
15 to 25	52	44	39
25 to 35	59	48	42
35 to 50	64	53	44
50 to 75	70	58	48
75 to 125	80	65	53
125 to 250	95	76	59
250 to 500	112	90	68
500 to 1,000	135	108	78

Level #2 includes managers reporting to office of the chief executive. It does not include such men as executive vice presidents or others who are actually part of the chief executive's office.

\*Division managers who are truly independent operators, frequently with as much freedom of action as company presidents. Usually, they have no corporate staff support in marketing, finance, manufacturing, or engineering. Instead, they manage each of these functions in their division.

\*\*Division managers who have neither complete freedom of operation, nor are subject to close and

continuing scrutiny by corporate management. Their autonomy is greater than managers' in the "low" category.

\*\*\*Division managers whose operations are subject to careful review and assistance from corporate staff department heads or corporate management committees. For example, advertising would be handled at the corporate level, even though each division manager might have a manager responsible for advertising; or the division might not have either a manufacturing or a marketing operation of its own.

### FUNCTIONAL POSITIONS

Size of Company (by sales volume, in millions)	Salaries (in thousands)			
	Marketing	Finance	Mfrg.	Research
\$1 to 5	\$23	\$21	\$20	\$19
5 to 15	30	26	25	22
15 to 25	36	31	30	26
25 to 35	38	34	32	29
35 to 50	42	36	34	31
50 to 75	45	40	36	34
75 to 125	50	44	41	37
125 to 250	58	51	46	43
250 to 500	68	59	53	51
500 to 1,000	79	68	62	57
1,000 to 2,000	95	79	72	67



# Executive Pay—You Will Make More *continued*

TABLE #3

## SALARIES FOR SELECTED POSITIONS

	Average salary	
	1970	1984
<b>MARKETING FUNCTION:</b>		
Salesmen—consumer product (sales volume: \$5-6 million)	\$13,000	\$19,500
District sales manager—consumer product (sales volume: \$30-35 million)	18,000	31,000
Regional sales manager—consumer product (sales volume: \$150-200 million)	24,000	47,500
National sales manager—consumer product (sales volume: \$300-400 million)	29,000	65,500
Market research manager—consumer product (sales volume: \$300-400 million; \$400-500,000 budget)	25,000	49,500
<b>MANUFACTURING FUNCTION:</b>		
Foreman (supervises 15-40 hourly-paid workers)	12,000	21,000
General supervisor (supervises 3-6 foremen and 90-125 hourly workers)	16,000	28,000
Production superintendent (supervises approximately 4 general supervisors and 400 employees)	18,000	32,000
Quality control engineer (3 to 5 years' experience)	14,000	24,500
Plant manager (cost of goods produced, \$10 million; 500 employees)	21,000	42,000
<b>RESEARCH FUNCTION:</b>		
<b>Research personnel:</b>		
1. Bachelor's degree; 0-1 years' experience	\$10,000-11,500	\$21,500
2. Bachelor's degree; 2-4 years' experience	13,000-14,500	31,000
3. Ph.D.; 5-8 years' experience	16,500-18,000	44,500
Research group leader (supervises 4-8 professionals and 5-10 technicians)	\$20,000-22,500	\$54,500

	Average salary	
	1970	1984
Research manager (supervises 5 research groups)	\$29,000-31,000	\$77,000

### FINANCE FUNCTION:

Accountant I (B.B.A. degree; 0-1 years' experience)	9,500	12,500
Accountant II (B.B.A. degree; 2-4 years' experience)	10,500	16,000
Accountant III (M.B.A. degree and 2-4 years' experience, or B.B.A. degree and 3-5 years' experience)	14,000	21,000
Chief accountant (supervises 20-30 employees)	18,000	31,000
Division controller (\$75-125,000 sales (supervises 25 supervisory and 40 clerical employees))	26,000	45,000

### PERSONNEL FUNCTION:

Personnel assistant (handling wage, salary and benefit reviews, employment activities and counseling affecting 1,500 employees; 1-3 years' experience)	11,500	17,500
Training specialist (training duties for hourly and supervisory employees)	12,500	19,000
Corporate employment manager (company employing 15,000)	19,000	33,000

### Corporate compensation manager

(company employing 15,000)	\$21,000	\$41,500
Division personnel manager (division employing 1,500)	22,000	43,500

### DATA PROCESSING FUNCTION:

Programmer (1-5 years' experience)	11,500	20,000
Systems engineer (\$100,000 operating budget; supervises 5-7 employees)	17,000	29,500
Manager data processing machine operations (operating budget \$800,000)	19,000	33,000
Manager systems applications (operating budget \$800,000)	24,000	47,500
Director of corporate E.D.P. systems (\$2.5 million operating budget)	33,000	74,500

The salary figures presented in this table reflect known data, and conservative projections into the Orwellian era, 1984. To project the approximate 1984 salaries for the positions listed, Sibson & Co. analysts considered many factors: Demand, importance of function, automation, basic shifts in organization patterns, changes in core elements of company profitability and the like.

TABLE #4 BONUS, CAPITAL INCOME AND TOTAL COMPENSATION

Salary level (in thousands)	Bonus payments from . . . to	Capital income (in thousands) from . . . to	Total compensation from . . . to
\$15	\$ 1 — \$ 2	\$0 — \$1	\$16 — \$18
20	2 — 4	0 — 2	22 — 26
25	4 — 6	0 — 3	29 — 34
30	6 — 12	1 — 3	37 — 45
40	12 — 17	3 — 5	55 — 62
50	17 — 25	4 — 6	71 — 81
75	25 — 35	6 — 10	106 — 120
100	35 — 65	10 — 15	145 — 180
150	65 — 150	15 — 40	230 — 340
200	150 — 250	40 — 60	390 — 510

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## North Carolina



# Man at the Top: What's He Like?

Company chairmen and presidents are uncommon men, but they have some things in common. In other ways, they can be as different as profit and loss

Chief executive officers—the chairmen and presidents—of American companies are an anomaly. In the general society they are careful conformists, and yet in the economic society within which they work they are highly individualistic.

I have worked for and with many chief executives, and have made a special study of executive styles, and I have come to some firm conclusions about them.

These are men with strong wills and egos, sometimes clearly evident and sometimes hidden behind a quiet manner. Their egos give them the necessary confidence and their wills the force to overcome obstacles barring progress.

What motivates them? Financial reward. Pay is as important to them as it is to anyone else. Sometimes they wonder whether the pay is equal to the demands of heavy responsibility.

But their desire for money is not for dollars alone. Achieving a certain income level is a symbol of attainment of the responsibility and power they exercise. It is success, and they enjoy it.

They are spurred by other desires, too. They seem to have an inherent drive and energy level that seeks expression in action and feeds on achievement. They simply cannot suffer inertia or lack of accomplishment. They thrive on exercise of power. They find the successful execution of complex responsibilities thrilling.

As any skilled artisan does, they want their skills recognized in the guild halls of the managerial aristocracy.

Because they are by nature leaders and not followers, they are comfortable in positions of leadership.

They are men of integrity with a deep sense of responsibility and dedication to their work. They feel a sense of responsibility to employees and the community. This is particularly true where the chief executive has inherited the business. This group devotes many hours to civic, welfare and political activities.

They demand and force actions. They are virtuosos in the art of persuasion and control of subordinates' ac-

ILLUSTRATION BY CHARLES A. HUBER



tions. They threaten, ask, direct, suggest, and beguile subordinates and others into doing what they want them to do.

They spend much time and thought studying the makeup of those they direct, until they become thoroughly familiar with their habits and temperaments.

Beneath a conservative, calm exterior they are often emotional. Occasionally they slip into playing roles. When labor relations strike a critical period, they are apt to act the field general mapping strategy and tactics (at which they are able). As any perceptive subordinate knows, they have their "no" moods, "stubborn days," "expensive days."

They are decisive. A few may decide too many detailed matters that should be delegated to subordinates, but when confronted with problems, they decide.

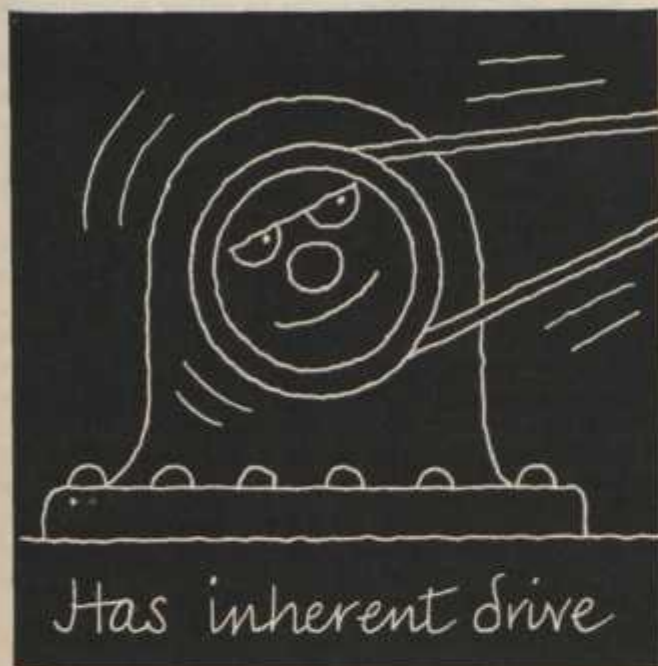
Orientation toward action is another characteristic. They enjoy setting projects in motion and seeing positive results and acknowledgments. This trait causes them to feel restive when engaging in the reflective art of planning.

While they are articulate in criticizing actions of subordinates, they often are sensitive to criticism of their own actions.

Versatility is another trait. These men are able to deal with varied and complex problems. If they have

*This article is a product of business management experience going back to 1939, and an analysis of 100 top executives whom the author, George S. Swope, has seen in action at close-hand in a wide variety of companies, large and small. Mr. Swope, a partner in a Chicago management consultant firm, has made field studies of companies such as General Motors and International Business Machines Corp. He has held management posts himself at Inland Steel Co., Crane Co. and SCM Corp.*





been trained as specialists, they have been able to overcome the limits of specialization.

Chief executives are by nature supple. They have the bounce-back quality.

Their problem-solving approach varies from the factual chart interpretation method to intuitive decision-making. They are perfectionists, too. They demand careful work, thorough investigation of problems, precise, organized recommendations. They deride hasty, off-the-top-of-the-head answers.

Chief executive officers are tough-minded. But they worry a lot about subordinates who, for whatever reason, are not performing to standard. They use their fertile imaginations to contrive all sorts of organization arrangements which they hope will improve the faltering subordinate.

There are two basic types of chief executive officers: founder-builders and administrators. There are two types of administrators: inheritors and professionals.

The founder-builders are unique to any organization. These are the men who create and build businesses. As a group, they tend to be creative and intuitive more than methodical and deliberate. They are highly versatile, as they must be, particularly in the early stages of a company's growth, when they must execute a variety of functions without specialized staff.

Founder-builders are bold thinkers. They will not hesitate to commit the organization to expensive growth plans; they are not wed to orthodoxy.

It might be said that they are practical dreamers.

Because they necessarily are deeply involved in daily operations, they operate on a plan-as-you-go basis. They are highly skilled in management by expedient.

Following the founder-builder comes the administrator. He may be an inheritor—the son or other relative of the founder. He may be a professional—a manager not related to the ownership of the business.

The administrator usually is more conservative than the founder. He will commit the organization only after longer and deeper consideration, particularly if he is a professional and not an inheritor. The administrator is more organization- and systems-minded than the founder and tends to be less creative and temperamental.

On the other hand, both the founder and the administrator will be persuasive, imaginative, decisive, perfectionistic.

The professional manager is the "organization man." He is the nonowner who has risen through the ranks to become the chief executive through sheer ability and hard work. He has conformed to the way of life demanded by the organization environment.

Practically speaking, the organization maverick is not the one who normally reaches the top.

This is why it is important for a young man seeking a management career to find an opportunity in a company where his and the organization's attitudes are similar, so that he can give wholehearted loyalty.

The administrator often follows in the wake of the dominant figure of the founder, and succeeds to a position when the founder's personal style is still the organization's way of life—a style frequently highly informal and inadequate in a larger organization operating under different conditions.

### Styles of chief executives

Corporate and ownership structures have a substantial impact on the chief executive's style.

A corporation is oligarchistic and sometimes aristocratic because its basic objective is to make a profit. The stockholders, except in a very closely held corporation, have ultimate power, but their ability to use it is latent rather than active.

In a closely held corporation, power may center in one or several stockholders and directors, or in one or several owner-managers.

If the chief executive is the sole or majority owner of



## Man at the Top: What's He Like? *continued*

the stock, he may make all the decisions, with subordinates adjusting to his likes and moods. Style is autocratic.

If several stockholders or directors hold the majority of the stock, the chief executive will be required to establish a conferring relationship with them, limiting his decision power. Basic decisions are not made by him alone, though if he is a strong chief executive, his recommendations normally will be accepted. In this kind of situation, where the corporation is run by a few, style is aristocratic.

The professional chief executive, in a corporation with widely distributed stock—having no dominant ownership—may also be autocratic in style, although normally, with a group of directors, he will operate as an oligarchist. He must become skilled in the art of public relations.

The administrator-inheritor faces unique problems. He often is left with a complex family ownership structure. He has nonactive family member stockholders to consider. He may also have stockholder family members in his management group.

Chief executives' styles in managing policy formulation and execution range from informal to formal. Many prefer to mold policy on a continuing basis, informally and verbally. They prefer management by expedient, adjusting the corporation's direction on a daily or weekly basis. This is common among the founders.

Others prefer a more formal approach, requiring well-organized staff recommendations on what should be done. This is more apt to be the case in a larger corporation.

Approaches to planning differ. Much planning is short range. In many companies, it is largely limited to the fiscal year, with or without a formal budget. Lack of sufficient planning among action oriented executives has been the weakest area in American management techniques.

But the day of seat of the pants planning is on the

wane. Many corporations plan from three to five years, or as much as 10 years ahead. (Where facilities are concerned, planning sometimes even reaches to 30 years.) They view these plans as flexible guidelines, subject to periodic review and adjustment, providing reasonably clear objectives for the chief executive and his staff.

Decision-making patterns established by chief executives are related to their temperaments. Some delegate substantial decision-making powers to subordinates; others make all important decisions themselves, but rely on subordinate recommendations; still others decide with minimal advice.

Some chief executives prefer to gather subordinates in their offices to consider decisions.

Some use the group for discussion and recommendation and make the final decision themselves. Others use the group not as a forum but as a deciding body. Members of the staff may cast a vote—actually or in effect—for or against an alternative. The chief executive will serve as chairman, conciliating and arbitrating.

Chief executives use these methods to bring different backgrounds and opinions to bear on major problems and to develop subordinate experience and skill.

Frequently, chief executives use committees as a managing technique. Some form standing committees to coordinate activities involving more than one function. Product planning is one example.

Some chief executives proliferate committees throughout the organization to the point where they become burdensome and consume too much managerial time. Others avoid the group or committee approach, and the chief executive becomes the sole channel of communication and link of coordination.

### **They want results**

Chief executives of closely held companies tend to hold decision-making more closely than those in publicly held companies because of their substantial financial interest, particularly if they are builders or inheritors. But in the final analysis, decision-making is related to individual temperament and organization traditions.

Chief executives are primarily not listeners, but order givers. Their direction-giving manners range from the loud and imperious to the soft-spoken and democratic. But whatever their style, they want results.

How they organize and coordinate the activities of subordinates varies widely—from highly informal and personal arrangements to precisely organized line-staff operations.

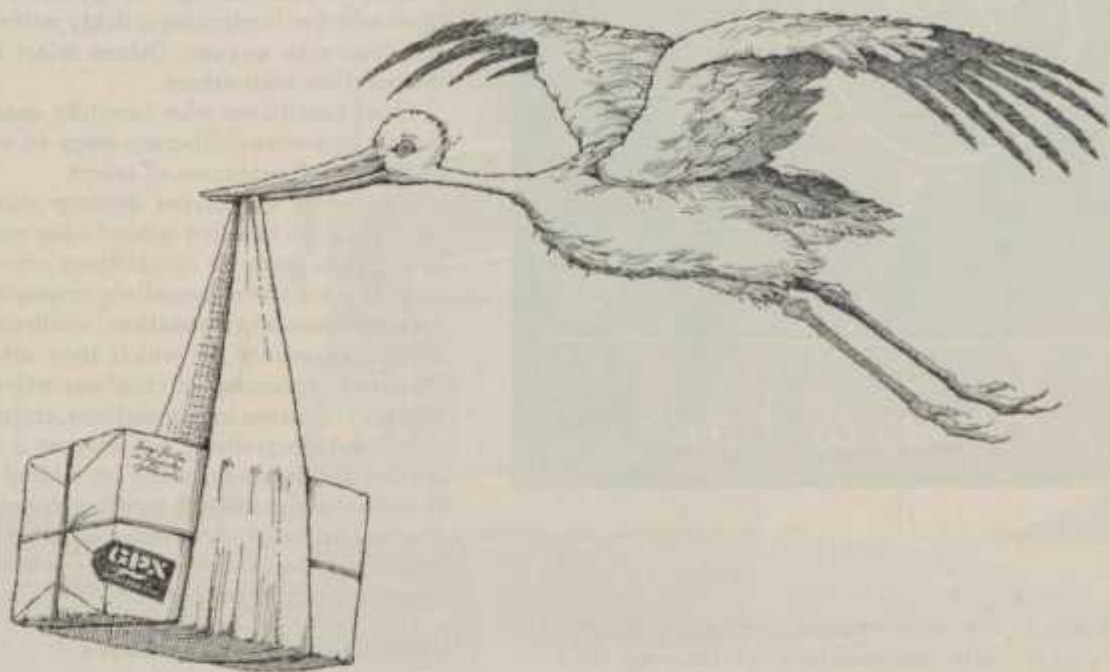
Some chief executives assign responsibilities on the basis of personal attributes and loyalties rather than on a logical organization basis.

The founder-builder executive frequently will build this personal staff system—the oldest known to man. He develops strong loyalty to subordinates. Later, in growth stages, as he finds a subordinate cannot adjust to the organization's increasing demands, his loyalty remains strong and he finds it extremely difficult and sometimes psychologically impossible to demote or discharge such a subordinate.

Because these founders have had to execute so much







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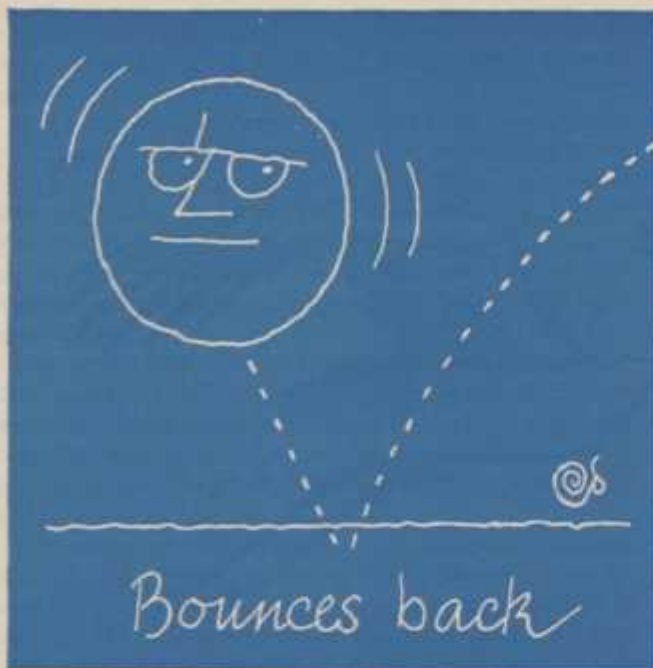
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## Man at the Top: What's He Like? *continued*



personally in the early years of the company's growth, they tend to control more details in later years than the size of the organization warrants. Some view system as restrictive instead of a means for routinizing detail to free themselves for more important considerations.

On the other end of the spectrum is the chief executive who rigidly formalizes assignment of responsibilities to subordinates.

Sometimes, a chief executive prefers to arrange a one-over-one organization. This means an assistant chief executive officer—by title usually president or executive vice president—reporting directly to him, and all other staff normally reporting through the assistant.

Many prefer the flat organization structure with many subordinates reporting directly to them. As the organization grows, they increase the number of executives reporting to them.

The problem with this style is that, as subordinates are added, matters requiring the chief executive's attention mount sharply and he is unable to process them because there are more problems than there is time.

How chief executives manage subordinates varies widely. Many are direct in approach, brusque. Subordinates learn to accept this calmly.

Some chief executives are circumspect in style. When they want to get action at some point in the organization, instead of going in a direct organization line to that point, they will move circuitously. One may show he is not pleased with progress of a sales program by saying so in discussing the program budget with the financial officer, who will relay the dissatisfaction to the marketing officer. Sometimes, one will not express approval of an immediate subordinate's actions, but relay it through another in the organization. Discussing human action makes him extremely uncomfortable, particularly in reviewing a subordinate's performance

directly with him. Other chief executives use the circumspect style to relay approval or disapproval of action at the third and fourth levels, while still observing channels of command.

Styles in subordinate selection range from highly impulsive to painstakingly deliberate. Some chief executives select subordinates quickly without discussing the selection with anyone. Others select them after much deliberation with others.

Chief executives who carefully examine a candidate but do not over-deliberate seem to score best in both selection and retention of talent.

How chief executives develop subordinates varies, too. Some, to broaden subordinate experience and outlook, place them on committees concerned with problems beyond their immediate responsibilities.

Others use work rotation, challenging subordinates with assignments for which they are not particularly prepared. A number of chief executives encourage outside participation in associations, technical societies and community activities, not only as a contribution, but for the development of the individual executive.

Special assignment is another technique. A line executive will be temporarily relieved of his responsibilities to work on a special project, such as development and introduction of a new product.

### How they pick successors

Executives use varied styles, too, in development and selection of successors. There are those who use a favorite son style. A younger man's performance on a given problem may be outstanding. He is given another project and again his performance is excellent. The chief executive begins to look upon him as a comer and gives him increasingly heavier assignments. Eventually, this man becomes the top executive's selection for his successor. But this style may fail. The younger man may be excellent in a given field, but be without the resiliency and breadth to succeed in broader areas.

Another executive will use the nonselective style, giving no indication of his choice as successor. Competition between subordinates is nurtured, partly by carefully spreading important projects or responsibilities among them.

Another style is the selective. The chief executive selects two subordinates as senior to all others. One obviously will succeed him. But which one becomes an office pool bet. Again, competition is induced.

Much can be said for both the nonselective and selective styles. They do, under proper control, produce healthy competition and subordinate development.

How do chief executive officers view impingement on personal time of subordinates? Some believe strongly that subordinates' personal lives are their private affairs and there is no, or very little, mixing of business and social lives, except where it naturally develops. This is not likely in a smaller community.

Others believe in exerting influence over private lives and in social mixing and, when considering a new candidate for management, examine his wife's qualifications as well as his own. This is particularly true when business demands mixed entertaining. A few executives set





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Next time somebody tries to tell you that big trucks are unsafe you might remember these simple facts:

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accidents per million miles.

2) Trucks have fewer accidents than cars. Of all the vehicles on the road, one out of six is a truck. But of all the vehicles involved in accidents, only one in eleven is a truck.

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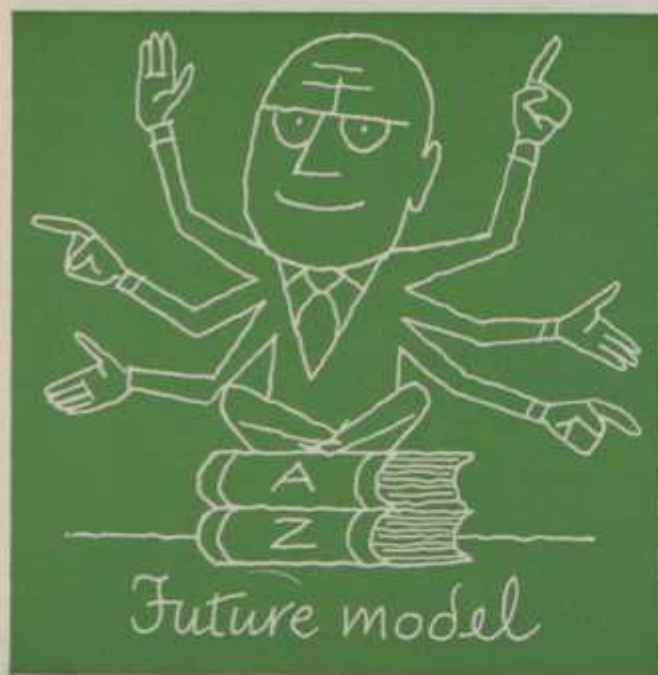
are built better, maintained better, driven better. With truckers, safety is a full-time job.

## Kenworth





## Man at the Top: What's He Like? *continued*



some standards beyond normal requirements for personal conduct, although this is less frequent than it used to be.

Chief executives demand much time from subordinates. As they are not clock watchers, they expect subordinates to be the same. Those who are completely work-oriented often demand much evening and weekend time, unaware of the deleterious effect on subordinates and subordinates' family morale. On the other hand, while demanding much time many are concerned about the health and private lives of subordinates, insisting they take regular vacations and periodic physical examinations.

Chief executives develop various styles for the passage of information by subordinates. When, for example, a project such as a sales force expansion program is scheduled, some chief executives will require almost daily progress reports; others will want monthly ones. And a number want only off-target reports, as the program progresses.

Many chief executives require written reports, others prefer verbal reports. Some prefer information presented in graph form; others favor the table. Still others want only a well organized verbal summary. To some extent this relates to their functional background.

While considering decisions, chief executives vary in their approach to seeking information. Some are very punctilious about working through immediate staff, leaving to them further discussion with lesser subordinates.

Others prefer the freedom to reach down into the organization to call upon lower level subordinates to furnish information directly and not through their bosses.

When communicating with others, these executives use many different techniques. Some issue detailed bulletins. Others use staff meetings. Less formal ones tele-

phone or visit those involved. The corporation and its chief executive certainly are not insensitive to the public. This is apparent from the growth of the public relations function as a legitimate and important entity in the corporate structure.

Today, chief executives are apt to be active politically, as well as in civic affairs. In charitable and community affairs, they are likely not only to participate, but to dominate.

In this they are thoroughly sincere. They urge their subordinates to participate. In fact, some believe so strongly that they don't urge, they order participation in charitable and civic affairs.

Chief executives of this type believe the corporation is a public citizen and should conduct itself accordingly.

### The next generation

The day of the self-made executive is gone. He has been replaced by the college man who begins as a member of a planned training program and enters the organization hierarchy.

Management is a complex economic function. As a result, the manager of today must be educated in colleges and universities, or in the many special management schools. Today's chief executive should have the equivalent of a master's degree to handle the complex problems he faces. Tomorrow the equivalent of a doctor's degree will be required.

The trend to economic units of larger and larger size requires more and more highly trained talent.

The next generation executive typically will be broadly experienced through well planned development systems. The traditional system of moving to the top through sales, manufacturing, finance or engineering alone is obsolete. It is totally inadequate for directing the complex enterprises of the future.

Outside education, varied functional and divisional responsibility experience, special problem solving projects and participation in community affairs will be directed to developing chief executives who recognize the business role in a changing society without losing sight of the profit responsibility.

The chief executives of the next generation will be general practitioners, not specialists. They will need to know much about organization. They will know management techniques well and possess many knowledges in moderate depth, not just one area of knowledge equal in depth to the expert level. They will be articulate, cultured men.

But among them will still be the founder, so essential to the dynamism of our economy—unless unwittingly we allow the economy to become so regulated that the business creator will be discouraged. If we do this, the economy will stagnate and regress under state dominance. **END**

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# When Disaster Strikes, They Strike Back

Construction contractors build goodwill with Plan Bulldozer

While dying Hurricane Camille was dumping the last of an unbelievable 27 inches of rain on upland Virginia counties in August, construction contractors were wading and driving through mudslides and torrents to assess the damage and decide what equipment they could move in most quickly to relieve suffering, re-establish communications, protect health.

Within hours of those initial "mud surveys" they were moving heavy loaders, cranes, wheeled and tracked machines of all descriptions—and hundreds of men—into areas where mountain streams had become raging killers. Within a day, in one county alone, they had more than \$2 million worth of equipment at work; within a few days, the total was far, far more.

The contractors did the early emergency work at no cost to anyone except themselves. By the second day, they were operating under a second phase of their nationwide Plan Bulldozer, making their men and machines available to state and local authorities at cost—with no profit, overhead or anything else figured in.

(Meanwhile, in Mississippi and Louisiana, which had been ripped and torn by Camille's winds, contractors stood on "alert" for several days, ready to move in if Army and local authorities needed them in large numbers. They helped on a local scale—such as sending their huge water wagons, loaded with safe drinking water, into hard-hit Gulf Coast towns to supply hospitals, and providing individual machines and men to help maintain and restore services.)

In Virginia, Plan Bulldozer—brainchild of the 9,000-member Associated General Contractors of America, Inc.—was activated as soon as state officials became aware of the magnitude of the disaster that had struck rural Albemarle, Nelson and Buckingham counties (as well as areas further downstream on the normally placid James River).

First job was to restore communications and services.

Four contractors, for example, moved into an area about two miles from the hamlet of Woods Mill, Va. Several hundred yards of an arterial highway had disappeared under a sea of mud as much as 30 feet high, with a liquid center in which floated hundreds of tons of logs and other debris. In two days, they had restored a road so that food, medical supplies and other equipment could be moved. South of Roanoke, another contractor restored a washed-out bridge to permit supplies and refugees to move across the river.

Next came the slow, pitiful business of hunting delicately for bodies, disposing of dead animals, cleaning up. The full task will take months.

To the AGC, the story wasn't new. It had gone through similar experiences with Plan Bulldozer before.

## The Good Friday quake

The plan went into operation almost before the earth had stopped rumbling in Alaska's 1964 Good Friday quake, one of the worst ever recorded, in which 30 blocks of buildings collapsed in Anchorage and streets were split by 50-foot crevasses.

Construction crews rushed to the disaster area, manning heavy earth-moving machinery. Crane operators gently probed rubble to find those trapped or buried.

In 1961, after Hurricane Carla laid the Gulf Coast low, construction workers labored for days, wearing gas masks and taking anti-nausea pills "like popcorn," to dispose of thousands of animals' bodies. They still talk about fighting off some of the thousands of snakes, many poisonous, that fled as far as 50 miles inland to escape the hurricane's force.

The plan is a major testament to the enterprise and public conscience of men in the nation's largest industry—construction. Whenever it is put into operation, building contractors drop whatever private work they are doing to ride to the public's rescue.

Plan Bulldozer, which this year be-

came fully operational in all 50 states, is organized on a state-by-state basis. Most emergencies that arise are local. Thus, cumbersome machinery set up in a national headquarters might hinder, rather than help.

And since construction men are everywhere (there are some 800,000 contractors, ranging from one- or two-man outfits to \$200 million-a-year giants), they are on hand wherever disaster strikes.

Plan Bulldozer makes available the skills of men in a self-reliant industry, on an instant, agreed-on schedule, to supplement or replace government crews.

It also puts at the disposal of public authorities a reservoir of powerful mobile machines that can't be equaled.

For example, a recently completed Kansas plan makes more than 6,000 pieces of equipment available to the community in case of disaster. Some machines cost \$120,000 each.

## Confusion is curbed

Control and payments are carefully outlined to prevent confusion or crossed lines of authority. Since the plan is negotiated state by state, it's possible to agree on rock-bottom rates standard throughout a state to cover costs of equipment rental and basic wages.

Only the state's governor, except as he delegates his authority to local officials, has the right to send out an SOS. He agrees to do so only when a disaster is too much for local public agencies—or threatens to be.

Then, when the state cries "Help," the contractors move in quickly, work as long as they're needed and move out when their job's done.

Says J. N. Matich of Matich Corp., Colton, Calif., an active advocate of AGC's rescue operation:

"We feel that the public—which pays us, in the long run—is entitled to our help when needed.

"Hell, we are the public ourselves. Any industry that employs more than four million people has to be." END



# UNCLE SAM'S PROUD NEPHEW

There's a  
little bit of  
America,  
and a lot of  
Americanism,  
5,000 miles  
from  
San Francisco

GUAM—Are you tired of polluted air, polluted water, traffic jams that are so tangled they look like grape arbors? Do you think you will scream the next time you have to put on a tight collar and necktie on a scalding hot day or are you sick to death of deep snow and bone-chilling cold? Do you yearn for a less-hecktic life?

If your answers are "Yes," but you don't want to go running off to some foreign land to live and set up a new business, take heed.

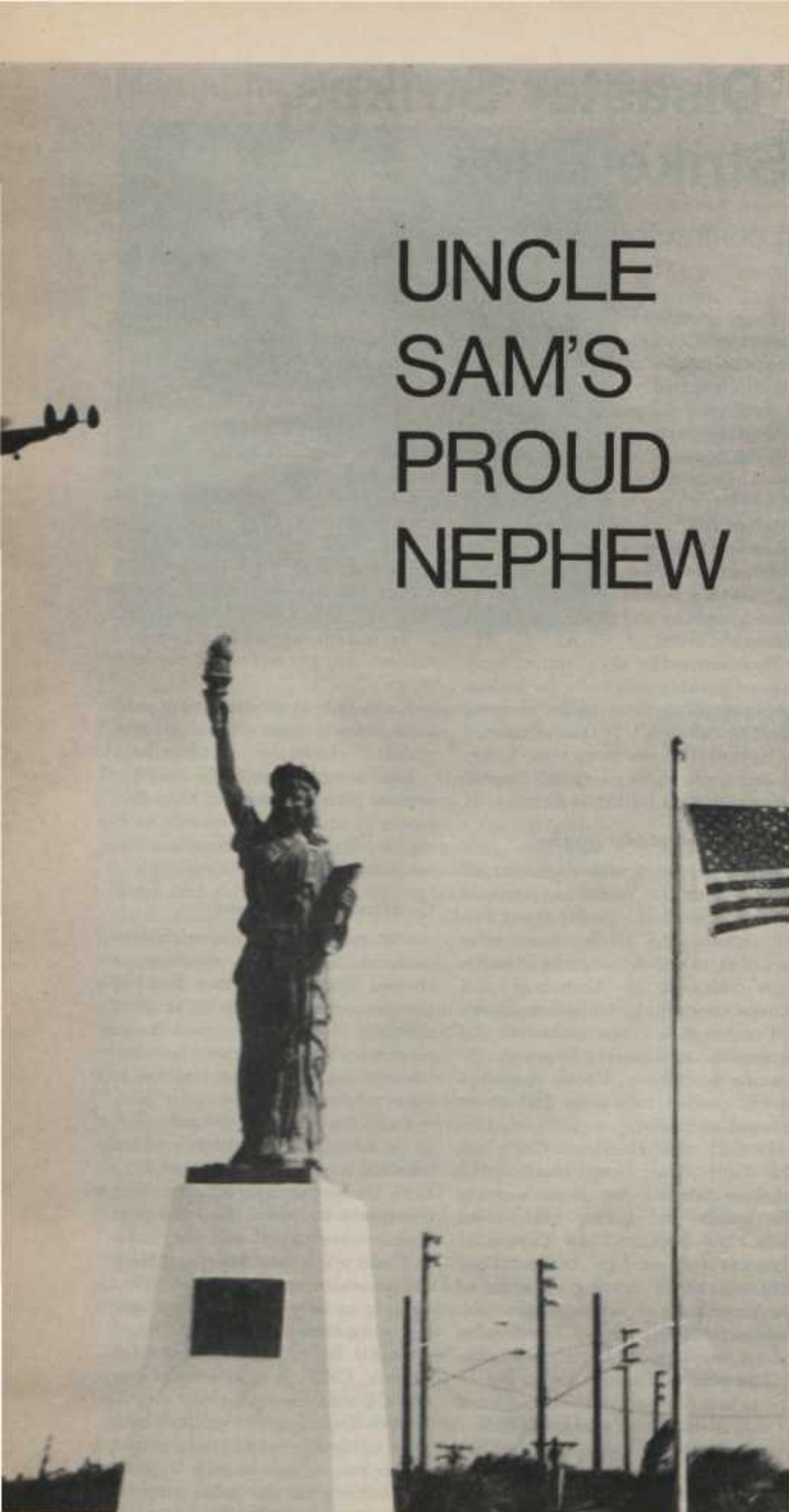
Buy a ticket on TWA or Pan American to Guam and have a look around out here in the Western Pacific. This may be your last earthly chance for paradise.

The Guamanian is Uncle Sam's little nephew. He's a growing lad with some old-fashioned ideas about behavior and attitudes, and he's fiercely proud that his nubbin of land 5,060 miles from San Francisco is just as American as any island in the Mississippi River.

He's among America's most patriotic citizens and though he's kind and gentle, a sure way to get into trouble with him is to call him a "native."

He is quick to tell you that 55 young Guamanians have died fighting for their country in Viet Nam. Few, if any, mainland states, counties or cities have made proportionally as large a sacrifice.

Morning after morning, fleets of B-52 bombers have taken off from Guam's Andersen Air Force Base and



*The imitation Statue of Liberty on Guam, where patriotism's the real thing.*





PHOTO: PIA

have struck for Southeast Asia to bomb the Viet Cong. When the planes have returned at the end of the day the Guamanians have looked up, counted them and told visitors how happy they were that their island was home for the big birds.

Every day without fail fleets of U. S. Air Force spy planes take off to comb the air and seas all the way to Asia, looking for Soviet subs and ships, watching Soviet missile shots, listening in on Red Chinese radios or monitoring for big enemy secrets that Uncle Sam isn't supposed to know about.

Polaris submarines work in and out of Apra Harbor, while along Guam quays the Navy's best and biggest ships get trimmed out for fighting or patrol duty.

### The military is welcome

Guamanians can't understand all the fuss that's raised in other places against the U. S. military. Guam can't get enough of it and many is the time A. B. Won Pat, Guam's representative in Washington, has gone to Defense Secretaries Robert McNamara, Clark Clifford or Melvin Laird and asked for more of it.

Lyndon Johnson sampled this sentiment when he landed on Guam in 1967. His first view of the island was blocked by a huge sign which said,

*STERLING G. SLAPPEY, author of this article, is an Associate Editor of Nation's Business.*

"Mr. President, Please Bomb Hanoi." Later that day, four Guamanians tried to demonstrate against the Presidential presence. Before they could get their placards up, demonstrators against the demonstrators put an end to their show.

Perhaps the most tangible indication of Guam's fondness for the United States is a rather pathetic little cement statue looking out over the sea at the capital city, Agana. It's an imitation of the Statue of Liberty. The cement lady is roughly formed, and her features are indistinct, but she is in a place of high honor and people have picnics and play Little League baseball around her feet.

Guam is a pleasant place to live in, and it is an increasingly happy place to work in or to set up a business in.

It's booming, for one thing. Construction and manufacturing activity doubles and trebles every four or five years. Tourism has increased from 500 visitors yearly in the early 1960's to over 18,000, and the potential is here for 10 times as many.

Guam has preferential tariff rates and if more than 50 per cent of the value of an article is added here, the item goes duty-free to the U. S. market. Businesses find advantages in the fact the island is a free port.

Industrial sites with all utilities and good transportation facilities go for as little as \$10,120 an acre. The government has a department ready to help a businessman find land and hire workers. Guam is so anxious to

get private enterprises under way that up to 75 per cent of a company's income tax is written off for as many as 20 years. All money collected in federal taxes is returned to the Guamanian government for local usage.

Guam's legal status is that of an "organized but unincorporated territory of the United States," which carries with it a collection of business and personal advantages.

### Labor costs are low

Out here there's none of the nickel and dime labor that can be had in the Philippines, Hong Kong or Taiwan, but hourly pay averages far below U. S. mainland labor costs. For \$2.25 an hour you can hire mechanics, secretaries, carpenters, truck drivers, machinists or watch repair-and-assembly men. These are good people and, thanks to their American citizenship and standards, they are well-educated and generally prideful and responsible.

A businessman anyone might want to emulate is Kenneth T. Jones, one-time sharecropper and auto mechanic from Willow Spring, N. C., who was a Seabee with the World War II Marine invasion force which threw the Japanese off the island. He waded ashore July 21, 1944 and liked what he saw.

On a troop transport going home to the States after the war, Mr. Jones lost most of the \$4,000 he had saved from winnings at five-card stud and dice. But, he hung on to enough—



## Uncle Sam's Proud Nephew

*continued*

\$1,900—to buy a supply of inexpensive watches and jewelry in New York and send it back to a Guamanian friend.

The jewelry sold fast and Mr. Jones and his friend, Segundo P. L. Guerrero, expanded their sales line to include shirts, belts, zippers, buttons, thread and needles. Mr. Guerrero's shop was his front porch and he sold out as fast as Mr. Jones could get shipments to him.

Mr. Jones returned to Guam in a few months as a civil servant, but only after he'd set up sources and lines of supplies in the United States. He and Mr. Guerrero began opening department stores and food shops, and setting up an automobile agency. Mr. Jones soon bought out his friend and continued expanding.

He now owns several hotels, a large ranch on a nearby island, truck farms, restaurants, a mobile home manufacturing company, a soft drink bottling company, a large real estate operation, a second auto agency, a housing development, a lumber company in Indonesia, purchasing agencies in the Philippines and Japan, a surplus property operation, a ship line, a shoe factory in the Philippines, a furniture store and a construction company.

He also has dealt from time to time in reselling airplanes and other large and expensive items, and at one time or another he has bought, sold, operated or opened a dozen other types of business on Guam, Tinian, Saipan and other islands in the Marianas group. Next year, the Guam Hilton Hotel opens. He'll own it.

He modestly refuses to estimate how much he has run that lonesome \$1,900 into, but he will admit he would not "sell out for \$20 million."

### Land of the small town

Mr. Jones is a big dealer, but he, like everyone else out here, is a small town boy.

Agana has only 2,500 souls and it's the metropolis of Guam. Most of the 102,000 people on the island live in villages with such lilting names as Inarajan, Talofofo, Toto, Umatac, Santa Rita and Piti. Small places are sprinkled around the coast and each is so near the sea that a swim goes



*Kenneth T. Jones, former North Carolina sharecropper, has come a long way as an entrepreneur. He's built \$1,900 into millions in the Pacific.*

along with the noontime meal. No one lives far from anyone else because the island is only 30 miles long, with a four-mile waist, an eight-mile bosom and an eight-and-a-half-mile set of hips. Still, there's plenty of elbow room on most of Guam because 35,000 of its people are sailors, airmen and members of their families who are congregated on military installations. At least another 1,000 people on the island on any given day will be tourists spending money like mad in Agana's free port shops.

The weather out here, to be completely truthful, is usually hot and often humid. But dress is informal, making the climate easier to take.

Guam is colorful with its good-looking people of Chamorroan heritage, its seascapes and landscapes, its billions of flowers of a thousand different kinds, its outrigger canoes floating off into the sunset for firelight fishing, its cockfights and carabao racing, the *taotaomona* ancestral spirits who live in banyan trees, the legends that Guam is the Garden of Eden and that Laso Fua Rock is the "Rock of Creation."

There are purple sunsets, pink dawns, blue skies, green water, old coral forts and Spanish bridges. Lording over it all are tall coconut trees forever bent like bows because prevailing winds would not let them stand straight when they were young.

The College of Guam has never made the student uproar scene. There are no black militants, and Guama-

nians are without prejudice against white men. The subject of race never comes up and there was no real surprise when a gray-maned, mustachioed white man from Asbury Park, N. J., named Earl C. Conway, ran for, and was elected to, the Guamanian Legislature. His total vote was 15th among 40 candidates, which means he came out ahead of 25 brown-skinned Guamanians.

Mr. Conway has been in the Western Pacific since World War II and he says, "I sometimes go for days without remembering I'm white and the others aren't."

Schools here are integrated and each carries a patriotic name—George Washington and John F. Kennedy high schools are two. There are no military schools and this leaves mainland kids whose fathers are in business here mixed in with military kids and young Guamanians. The number of Catholic youngsters in public rather than parochial schools is increasing.

### Forgiveness for a foe

If any men have a right to hate other men anywhere, Guamanians can hate Japanese. But they don't.

The smoke from Pearl Harbor, Clark Field and Subic Bay had hardly blown away when the Japanese captured Guam. For more than three years, Guamanians lived under a brutal occupation. There was the Merizo Massacre of villagers and a hundred other mass murders. People





## While you put yourself together, we'll help look after you and your business

If you're self-employed or a sole proprietor of a business, the effects of a long disability (caused either by serious illness or accident) can be financially disastrous. It takes a long time to put yourself together, to get back to work. Meanwhile, what do you use for income? Will your business survive without you for a year – two years – longer?

With our business disability insurance plan, designed to protect the sole proprietor, you can guarantee a continuing tax free income for yourself. With Great-West Life providing your income, you can afford to pay a temporary replacement to keep your business going, protecting your equity... assuring that you will have a profitable business when you return.

Ask your Great-West innovator about our business disability income plan.  
Now. Before something happens to you.



**Great-West Life**

The Insurance Innovators



## Uncle Sam's Proud Nephew *continued*

were deliberately mutilated. Father Duenas was beheaded by the Japanese two days before the Americans liberated Guam.

Yet, the Guamanians allowed Japan to build a monument to Japanese soldiers, sailors and airmen killed fighting on Guam.

Each week, Pan American flights bring in 600 to 650 honeymooning Japanese couples. The young people say they want "American wedding vacations." Some elect to wait until they reach Guam for their nuptials so they can say they were "married in the U. S. A."

You can ask a Guamanian about his tolerance of the former oppressor and a stock answer comes back: "The war ended long ago." Occasionally one will add: "That was the time when we earned our American citizenship. We only hope mainlanders never have to earn theirs that way."

Guamanians reached their American citizenship by a long road.

The Chamorran people who came to Guam hundreds of years ago from Asia saw their pleasant way of life halted in 1521 when Ferdinand Magellan landed at Umatac Bay. Guam was under oppressive Spanish domination until 1898, when the United States took over as part of the settlement of the Spanish-American War. The United States did far more with the island than the Spanish ever did—making modernizing improvements, educating the Guamanians and giving them rights.

(Everyone now speaks excellent English as well as Chamorran, and few traces of Spanish remain except in proper names.)

### Geography lesson

Sweetness and light were interrupted with the Japanese occupation. When the Americans came back in 1944 they had a better realization of the strategic value of the island and its geographic relationship to the Philippines, Japan, the Asian continent, Okinawa, other islands in the Marianas and other Western Pacific island groups.

Guam soon was turned into a major naval and air center. At the same time the United States went back to its old policy of trying to do

the right thing by the Guamanian people.

In 1950 the Guamanian Organic Act established a civilian government and Guamanians became American citizens. They do not vote in federal elections, but in nearly every other way they have full citizenship rights.

Next year, Guamanians will elect their own governor and take over additional citizenship duties and obligations. Their status then will be only very slightly different from that of the Puerto Ricans. However, there is no anti-United States feeling here as there is among some Puerto Ricans.

"How can we be anti-American?" asks Guamanian Legislature Speaker Joaquin C. Arriola.

"We're Americans. I suppose that technically we could break away from the United States somehow. But we won't."

Instead of wanting to break away,

Guamanians are thinking these days about statehood. They rule out completely becoming part of Hawaii. They do see the possibility of forming a state in conjunction with American Samoa and possibly Saipan, Tinian, Palau, Rota and other islands.

But most observers feel that would have to wait until those parts of the U. S. Trust Territory of the Pacific Islands are modernized and upgraded so they would not be a drag on Guam and Samoa. This would come about sooner if the United States were forced to pull military bases out of Okinawa in the next two or three years in response to Japanese demands. Those bases would be re-established on islands close to Guam.

Statehood for Guam may indeed come one fine day, though that day won't be tomorrow. Until then, Guamanians will continue to be among the most American of Americans. **END**



*Earl C. Conway, late of Asbury Park, N. J., is a member of the Legislature on Guam. "I sometimes go for days without remembering I'm white and the others aren't," Mr. Conway says.*



# PEOPLE, PLACES, AND THINGS



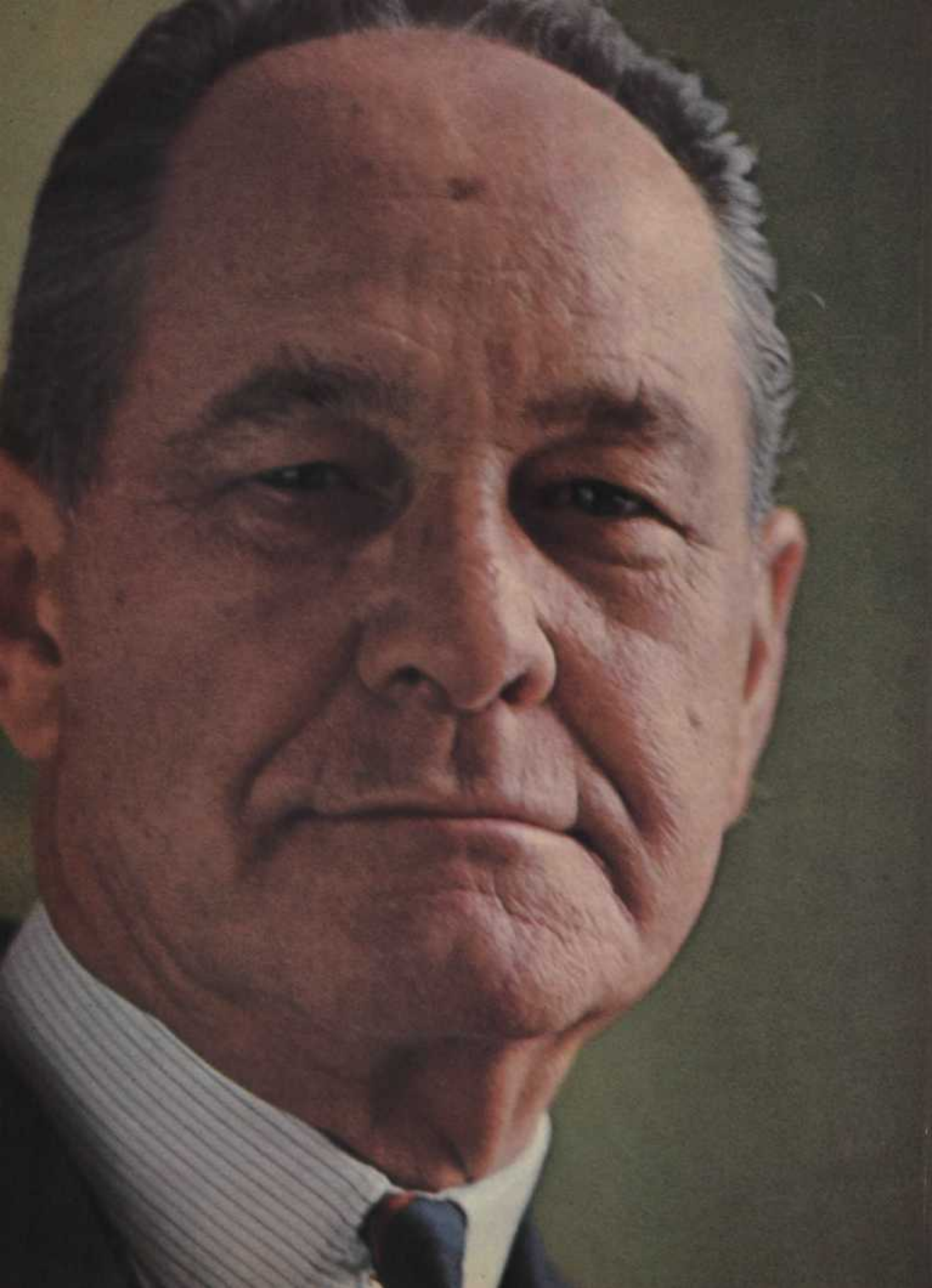
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# W. Herman Browne of Moore Business Forms

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A systematic approach  
to the paper work jungle

If you were to plot the career of W. Herman Browne on a graph, it would be something like the sales charts of his company, Moore Corp., Ltd. There would be ups, and no downs.

That would not be just coincidence. Mr. Browne has helped guide Moore through years of solid growth, relying on energetic research, tight budget control, and missionary zeal for its products: business forms and systems.

The company got its start in 1882, when Samuel J. Moore, an English-born Canadian, began manufacturing and selling a new kind of sales form in Toronto. It was called a "manifold copying book," and featured a sheet of carbon paper attached so it would be inserted between any two pages to provide a sales record to both store and customer.

A simple device, but an incredibly

valuable one, which nobody had quite thought of.

Today, Moore Corp., Ltd., is the largest company in its field, a wide one which offers everything from ordinary invoices to continuous forms on which computers print out their data.

In an era when many Canadians complain of American companies' inroads in their country, Moore is unusual, indeed. It is a Canadian company with most of its sales in the United States, where it is comfortably ahead of its competitors in volume.

Almost from the beginning, Moore, though Canadian in headquarters and ownership, has been American, too. It put up a plant in 1884 in Niagara Falls, N. Y., hard by the Ontario border, and today, its subsidiary, Moore Business Forms, Inc., has five

U. S. divisions, with sales offices in all major cities. It also has a packaging company in Buffalo, N. Y., and two machinery companies in New England.

In 1936, it produced the largest single order in business form history—the first 40 million numbered and serialized Social Security cards and application forms. In 1966, it produced more than 25 million Medicare identification cards.

The company's sales have soared from \$39 million in 1945 to \$155 million in 1960 to \$341 million in 1968, and profits have been keeping pace. Moore is the largest manufacturer of carbon paper in the world, and uses all of that itself.

Mr. Browne, 68, a reserved, hard-working native of Havelock, Ont., whose wife is British-born, joined



## Lessons of Leadership: W. Herman Browne *continued*

Moore as an accountant in June, 1925, two years after he got out of college. He was named assistant secretary in 1933, secretary in 1935, vice president and secretary in 1955, and executive vice president and director in 1959.

In 1962, he was elected president, and on Jan. 1, 1968, he was elected board chairman.

In this interview at company headquarters offices in Toronto with a *NATION'S BUSINESS* editor, he discusses past, present and future of his burgeoning business, his own role in it, and business and businessmen in general.

*Mr. Browne, in addition to printing Social Security forms and Medicare registration cards for the U. S. government, you print W-2 income tax forms?*

They're mainly produced by our company because of the unmatched technical processes we have.

*Your conscience doesn't bother you when you are printing something that means so much sweat and tears for people like me?*

We are glad somebody is sharing the burden.

*Government's role in business seems to be getting larger all the time in the U. S., and in Canada, too. How do you feel about it?*

Well, I feel generally that we should have a minimum of government interference in business, but there does seem to be a need in some areas for satisfactory spelling out of what the rules of the game should be, and perhaps we just have to live with more government regulations.

*What portion of the business form market does Moore have?*

It can't be gauged accurately, of course, but the best estimates we can make are that in the United States we have about 27 or 28 per cent of the market. In Canada, we have a little larger share.

*Your company does 88 per cent of its business in the United States. Does the fact that you are Canadian-based cause any particular difficulties?*

Occasionally, we might get a competitor who would use this as an

argument with a customer to try to divert him to give the business to others rather than to a company like Moore, but generally we don't have any problem.

*What about taxes. Isn't there a problem there?*

The only place where taxes are onerous because of this operation is when we bring dividends back from the subsidiary company in the United States to Canada. An additional 15 per cent tax is levied by the United States at that point. Fortunately, there isn't another tax imposed by Canada.

*You haven't considered moving across the border?*

If we did, our Canadian shareholders would be subject to the 15 per cent tax levied by the United States on dividends they would get from this new American company. In addition, Canadian residents now get on their income taxes a 20 per cent credit on the dividends they receive from a Canadian company. They would lose their credit.

When I first came here there was no tax on dividends crossing the border. About 1935, a treaty was signed between Canada and the United States, and dividends could flow from Canada to the U. S. for 5 per cent and from the U. S. to Canada for 5 per cent. It was not very burdensome.

But in 1960, our Canadian government changed the rules of the game and raised the tax to 15 per cent, and that automatically raised the U. S. rate. We have been hoping to get back to the 5 per cent and have made representation to our taxing authorities in Ottawa.

*A glance at Moore financial reports shows uninterrupted growth in sales and profits. Do you think this will continue?*

Yes. We feel the business forms industry still has tremendous growth, and that's what we are anticipating for our company.

*How about competition?*

There probably will be more of it.

*Some business firms are trying to cut back the so-called paper work jungle.*

*Do you think this will have much effect on your sales?*

There may be the odd place where there would be a diminution in the use of forms, but by and large, no. A business that is small today will be bigger tomorrow. Today it gets along with a few simple forms. Tomorrow it needs much in the way of records.

The bigger firms are expanding their business. And too, we are finding new uses for our products. Hospitals now have a great need for an adaptation of what is generally called a business form. Schools and school systems and so on. All those types of people need business forms as well as industry, finance, banks . . . everybody.

Processing of data has been speeded up, too, resulting in more current data for businessmen. Computers, high speed printers, optical scanners and similar electronic equipment are making more—and better—reports available to business managements and this, too, has increased demands for highly complex forms to be used in this sophisticated equipment.

*Designing forms especially for individual companies is a great part of Moore's success, isn't it?*

Yes, designing for particular needs. As a matter of fact, we are not just selling forms. We are selling a better system of which our form is just one part. It is not just paper with ink on it; it's a necessary tool for operating an office or business. It will add considerably to the efficiency of an office and all these modern machines that are in offices now.

*What would you say is the most important contribution Moore makes to life in the U. S. and to its economy?*

Our product has assisted businesses of all kinds to conduct their operations more efficiently. On the other side, I think we have satisfaction in the employment we have created in our field, and in the many centers in which we are located we have added considerably to the communities.

*What is the most significant development in your field since you have been in it?*

Well, one of the most significant things, at least, has been the develop-



ment of computers and optical scanners. These have resulted in a big growth of the business forms field because of their capacity and what they are able to do for industry as a whole. Their output is tremendous.

*What is your philosophy on research?*

We consider it tremendously important. We have set up a substantial research department, which includes a nuclear laboratory, and we are developing new products, new processes for manufacturing our products, and improvements in the quality of our forms and their usage.

*Moore, although it has a history of merging with firms in its own field of printing and selling business forms, hasn't been a participant in the current rage for diversification into other fields. Is this by design?*

Pretty well. We have preferred to stay with our own type of business because it has taken our capital resources and all our working time to keep up with our opportunities. We do have a modicum of diversification—a box business which is separate from forms manufacturing, and a company that manufactures our own printing presses and other necessary equipment and that sells to the trade, particularly in soft packaging. We would not, in our present thinking, go out to diversify into wholly unrelated lines. We feel safer in something we know something about.

*Mr. Browne, I understand that it is rare for an employee to be fired from your company and that if one does not fit in one job he is moved to another. Doesn't this result in deadwood staying on the payroll?*

Not necessarily. We give an individual every opportunity to prove himself, but ultimately, separation might be necessary—not only for the company's good but for his own as well.

*Your company does very little "head hunting" outside its ranks for executives, as some companies do.*

We have pretty well had the policy of growing our own executives. I suppose we make the odd mistake and a fellow doesn't come through quite as well as we expected. Sometimes he may be held, then, to a junior level and do a fairly good job

there. In a very fast-growing business, I suppose, it may be necessary to bring people in from outside because you don't have the time to develop them. We've felt we've had the time.

*Moore is said to pride itself on having many of its salesmen, for example, with it for 40 or 50 years.*

Yes. As a matter of fact, there's just been a retirement of one of our salesmen who had put 47 years in the company. And that is not an unusual record.

*To what do you attribute this sort of thing?*

Well, we try to treat them well. I think ours is the type of business that once a man is well-trained in it, he can earn a good living under good working conditions and while handling a very satisfactory product.

*You have subsidiaries, or companies in which you own a substantial share of the stock, in Latin America, Japan and Britain. Do you have a technique for keeping control over them?*

We have an executive here who is in constant touch with them, and of course we have something to say about the individuals who will be running them. And then, we ask them to operate on the same basis that we do here on this continent. That is, strict budgetary control. They must prepare an operating budget indicating profits, which they anticipate monthly, quarterly and yearly, and they must provide us with a budget indicating anticipated expenditures for capital needs.

*You are said to have a policy of personally visiting all of your divisions.*

That's right. At least twice a year. On the first visit, the president, the treasurer and I will sit down with operating executives and go over all the previous year's operations in detail—they tell us the whole story, what was done and why. Then we go into the new year: operations, budgets, sales, profits . . . Sometimes we become critical and ask for better performance. We end up in agreement on what our objectives for that particular division should be for the year. Then in the fall we go around

again and get brought up-to-date on all the minutiae which we don't get into every day at our headquarters. It helps in developing our ideas for next year.

We also have meetings of our divisional managers at regular intervals at our head office here to cover current problems, products, and so on. The managers present a five-year forecast of their plans and what they see ahead.

*Mr. Browne, what line of work did you have in mind when you started your career?*

I was interested in the financial end of business. I had taken a commerce and finance course at Queen's University, in Kingston, Ont., and my first position was with the British American Oil Co., now Gulf Oil Canada, Ltd. That was only for a short period.

*What attracted you to Moore?*

Well, Moore, at that time, was in the same building, and W. Norman McLeod, now our chairman emeritus, wrote to my alma mater for the names of a couple of graduates whom he might interview for positions in the office. Fortunately, my name was one selected and I ultimately came with the company.

*And what was your first job with the company?*

As a junior accountant at head office.

*Eventually you became secretary of the company, and then, later on, vice president, executive vice president, and president. Has there been any particular turning point in your career?*

When Mr. McLeod hired me.

*Your career has not included sales or production jobs. Do you think you lost anything this way?*

Yes. I would have been a better executive if I'd had all-round experience in all facets of the operation. We would all be better if we could be broader in our knowledge and experience. That's not always possible in a growing company, and you have to do the best you can with the experience you have.

I think the greatest attribute for



## Lessons of Leadership: W. Herman Browne *continued*

success is this old thing we call common sense, and having a good share of it in one's makeup. There are people who are able to make good decisions most of the time. It just comes down to good common sense.

*Does the company make a particular effort, now, to give up-and-coming executives broad experience in different facets of its work?*

Yes, we have a good program for broadening our executives' experience. For example, one of our divisions' production managers has just been moved into a sales management position.

*As a successful executive, what is the most important skill your experience has given you in dealing with people and solving problems?*

The ability to use the combined experience and thinking of my associates in arriving at a decision.

*What was the hardest decision you've had to make?*

That's a tough one, and I don't know that I can be categorical on it. Sometimes it may have been taking the company down the lane somewhere to make an investment. Sometimes it's been the retirement of an executive, or moving executives up from one position to another and trying to make sure you have the right fellow in the job. A lot of these things are worrisome, if a person is inclined to worry.

*Could you describe your work day?*

I think I am in at the regular time

the office opens and stay until the regular closing time and sometimes later than that. There is all the current business literature that has to be scanned, and a lot of this to take home, so many evenings are taken up in reading reports and business literature of various kinds.

*Do you find a short or longer lunch hour more productive?*

Generally, the shorter lunch hour. If we have things to do, we come back here and close the door.

*Mr. Browne, I understand that Samuel J. Moore, the founder of the company, was a great golfer, and that other executives of the company have been golfing fans. It has even been reported that you used to shoot in the low 70's.*

That is history, unfortunately. If I get into the low 80's, now, I am happy.

*What is your feeling about a retirement age?*

My opinion is reflected in the practice of the corporation—65 is our normal retirement date for all operating executives up to the president. The president usually succeeds to the chairmanship of the board, and carries on as chairman until the next president reaches his sixty-fifth birthday. That preserves continuity of practice and knowledge. I hope to retain the confidence of the board and to continue as chairman until my successor, the president now, David Barr, reaches his sixty-fifth birthday.

*What do you think of the opportunities for a young man in business today?*

They are wonderful, with the growing economies of the United States and Canada and a greater world trade which will ultimately come. Tariffs will have to be lowered, resulting in greater trade with the so-called underdeveloped countries. Something will have to be done to help them along economically. The best way is by trade.

*Mr. Browne, I understand you have no children. If you had a son, would you want him to enter this particular business?*

Well, I think it would be a good business for him but we have a policy against executives bringing their children into the business, so I would have to try to direct him into some other field.

*Is there any particular advice you would give a young man starting out today?*

Young people generally are not after advice on what they are supposed to do. However, we find that young men who are career-minded soon realize the value of the guidance of more experienced executives; they know the advice helps them reach their career objectives faster.

In general, young people should realize the value of a good education, then select an occupation in which they will be happy. If they are going into industry, they should carefully select one with a future and try to develop a greater knowledge after they get into it. You can't learn at a university all there is to know about a particular industry.

And out of my own experience, I would say that it is very profitable to get with a good company and stay there. **END**

**REPRINTS** of "Lessons of Leadership: Part LIV—W. Herman Browne of Moore Business Forms" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

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## Workers Who Never Want Anything

A recruit from a growing labor force which may squeak but can't squawk could handle that dull or dangerous job for you

The Burns Brick Co. of Macon, Ga., used to employ eight men to load bricks on kiln cars for trips to the firing oven. Together, they hoisted a backbreaking 80 tons a day.

Today the entire job is done by two replacements who never tire, never complain, never demand a raise. The newcomers are one-armed industrial robots. Each is built to last at least 40,000 work hours, the equivalent of 20 years on a single eight-hour shift.

To a handful of worried workers and their unions, the robot is an awesome automaton to be feared and fought.

It shouldn't be, insists Joseph F. Engelberger, president of Unimation, Inc., a manufacturer of industrial robots. He says:

"Robots are taking over jobs that are hot, hazardous, ear-splitting, unhealthy, menial, or boring. When a deaf, dumb, blind machine can perform a man's work, then it seems clear the man is being abused or dehumanized by his job.

"I remember a local union boss who

kept a wary watch for three months on one of our Unimate robots that had been installed in a die-casting plant. No one knew just how the union man would react. Then one day he called the plant manager and suggested installing more robots. He reasoned that the fewer workers who had to stand by a dirty die-casting machine breathing lubricant fumes and ducking molten zinc, the better."

He also figured workers who lost their jobs to the robot would get better ones—a theory with plenty of supporting evidence.

Says J. W. Sutherland, product manager for American Machine and Foundry Co.'s Versatran robot: "In most cases, the displaced worker is upgraded to a better job in production—sometimes as a supervisor of robots."

Even if this were not so, Mr. Sutherland says, unions would have little cause for worry. "Robots seldom replace more than one to three workers at a time," he says. "They can be

absorbed into the regular plant force by attrition, which averages about 15 per cent a year."

In 1962, when robots first entered the industrial scene, businessmen tended to be skeptical. "Show" automations wowed crowds at science fairs with card tricks and memory feats, but none showed a nickel's worth of productivity in industry. Today more than 300 robots have been installed by a wide range of companies.

At North American Rockwell, for example, robots help make 60-pound transmission gears. They spray paint on engine blocks at Chrysler Motors and handle glassware for Corning. They galvanize pails at a large container plant, pick up yarn spools in textile factories, pack sets of dinnerware, unload plastics injection molding machines.

They also perform many other jobs. Among their most common uses:

- **Forging.** At the Columbus (Ohio) Auto Parts Co., a robot snatches an 1,800-degree hot metal part from a





*"Unimate" robots, such as the ones at left and above, are versatile. Those above, working from "memory," are spot welding at a Ford Motor plant.*

furnace, puts it on a forging machine to be bent with two massive blows, and sends it on to another assembly line station. Plant workers need no longer risk being burned by the furnace nor maimed by the giant forging machine.

• **Welding.** At General Motors' Fisher Body division, car roof sections are put in place and spot welded by a robot clutching a 60-pound welding gun. Since the machine-welded spots are more accurate than man's free-hand effort, they produce autos with fewer rattles.

• **Palletizing.** At a General Electric plant a robot arm with a multifingered hand attachment gingerly plucks newly formed fluorescent light tubes and stacks them in bundles. Breakage costs have gone down considerably.

• **Heat Treatment.** A robot owned by Caterpillar Tractor Co. puts a tractor pin in a furnace, retrieves it for a dunk in cold water and then stacks it up. It repeats the same dull job thousands of times a day.

• **Press Loading.** Robots have enabled Ford Motor Co.'s Dearborn frame plant to run its two giant presses with two men instead of four. Robots pick up auto front suspension units from a roller conveyor and position them in a die.

Die-casting companies are the largest single robot users. The Doehler Jarvis division of National Lead Co. has no less than 10—all built by Unimation, Inc., and all characterized by the same square base, single hydraulically powered arm, and attached hand grip. Each Unimate in the Doehler Jarvis plant weighs 3,000 pounds. Its arm has a reach of 7½ feet and can swing back and forth over a 22-foot range much like a boom microphone in a television studio.

The robot's assignment for Doehler Jarvis is hot, dirty and hazardous—but also boringly simple. It consists of waiting in front of a closed die machine while a part is cast from molten zinc. When the machine door opens, the robot arm reaches in, takes out

the newly formed part, quenches it in a tank of water and puts it in a press to trim off excess fringes of metal.

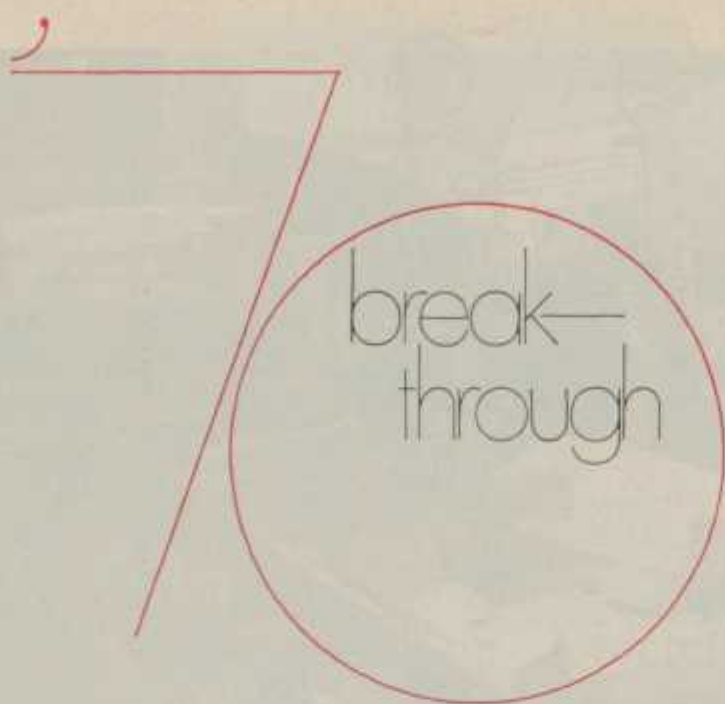
### **It has its memories**

The fact that the robot can do so repeatedly stems from a computer-like digital drum which can store 180 separate commands and send them back to the arm in the form of electrical impulses.

To program the memory system, a plant worker takes the robot's arm in his own hand and leads it through the desired motions. At each step along the way which calls for one of the robot's five motions (twist, turn, rotate, grasp, up-down, left-right) he pushes a "record" button which activates the memory drum. From there on it's just a matter of turning the robot on in the morning and off at night, except for an occasional pause for a gulp of hydraulic fuel.

While most of the robots' work is drudgery, their memory programs can be intricate. At the Allen-Stevens





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## Workers Who Never Want Anything *continued*

Co. in New York City, a single Unimate alternates between two die-casting machines, handling some 500 newly made parts per hour. When one machine is closed while casting a die, the robot is pivoting 180 degrees to the other machine for its extract-quench-trim cycle.

Attached to the robot is a heat-sensing infrared "eye" which acts as a safety device. Suppose, for example, that a newly formed part sticks fast in the die. Ordinarily, the unknowing robot would continue to swing its

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G. Total (Sum of E & F—should equal net press run shown in A)	16,364	2,890
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WILLIAM W. OWENS, Business Manager



empty gripper through the dunking and trimming cycle. At the same time, the die machine would spurt more molten zinc into the already full die and cause a costly breakdown.

But as the robot takes a steaming hot part from the machine, the part passes in front of the infrared eye. If the eye detects heat from the part, the robot is allowed to continue on its way. If no heat is registered, it's a signal that the new part is still stuck in the die. A bell rings and everything stops while a foreman unclogs the machine.

During the repair period, the robot doesn't waste a motion. According to a preset alternate memory program, it concentrates solely on the remaining machine until commanded to resume unloading both machines.

Flexibility and dependability are the robot's biggest assets. As Mr. Sutherland of AMF's Versatran division explains, "In early years, most attempts to build industrial robots failed because the machines were so complicated or immobile that they failed on the job. Today's robot can be wheeled back and forth to any site in the plant. The layman can learn its operation in an hour.

"Once at work, a robot averages less than 2 per cent downtime, compared to the Labor Department's estimate of 2.8 per cent idle time for the human factory force. If a robot does break down, a company's regular maintenance crew can pull out its modular equipment package and fix it on the spot.

"And if the job is finished or changed, you don't send your robot to the graveyard of obsolete purpose machinery. All you do is erase the memory system and program it for another task elsewhere in the plant.

"The benefits of robots increase along with their numbers in a plant. Maintenance personnel become familiar with them. Spare parts inventorying becomes more economical, too."

Another big plus is the ability of one basic machine design to serve many industries. The only required change from one job to the other is the detachable "hand," which can be a claw for grasping, a suction device for vacuum pickup, a magnetic plate for metal

lifting, and any one of a dozen other available attachments.

### 50,000 robots?

The robot's varied potential use has prompted equally varied predictions about its market potential. A 1966 study by Arthur D. Little Co. forecast sales of 5,000 robots by 1972. Versatran executives say this could soar to 50,000 by 1985, which would mean one robot for every 500 industrial workers.

How fast the market grows will depend on its dollars and cents savings to industry. The average robot can be rented for less than \$3 an hour on a one-shift basis—a figure well within the average factory worker wage scale. On a two-shift basis, the hourly rental drops to below the current \$1.60 federal minimum wage.

Many companies prefer to buy. Current price range: \$18,000 to \$25,000 depending on make, model and attachments.

Will prices tumble with greater volume? "They could go down," says Unimation's General Manager Ted Lindbom. "But even if they don't, robots will become more attractive simply because factory labor costs are going up."

According to Mr. Lindbom, a company using a robot to replace one worker on a single eight-hour shift will find the robot pays for itself in about 2½ years. But if the robot replaces two men or works two shifts the pay-out period can be sliced to around a year—and sometimes less.

The robot seller's biggest barrier is the scarcity of plants operating on two or three shifts. According to the Labor Department, about 77 per cent of the factory blue collar force works on a single-day shift. "When all robots can earn their keep on a one-shift basis," says a Unimation official, "their potential market will increase overnight sixfold."

### Wider use is in sight

Meanwhile, industrial engineers are working to expand the robot's market by developing wider and more sophisticated uses. One promising possibility is the application of optical character recognition techniques to create a

scanning device to enable the robot to "see" more than just heat. Hopefully, it would enable the machine to select between disoriented objects such as parts in a tote box. It could also allow the robot to move on a track up and down an assembly line, performing jobs at different stations.

### Wedding bells?

Farther out in the horizon is a possible marriage between computers and robots. Since both speak the same digital language, the thinking goes, there is no reason a plant's central computer couldn't set production schedules and command an entire factory of robots to produce in accordance with demand.

If so, would man no longer be a factor in the factory?

"Never," says Unimation President Joseph Engelberger. "The complex jobs—those that require decisions—will always be done by humans. If you don't believe me, spend some time watching this mechanical slave everyone calls a robot. You'll soon realize what a wonderful creature man really is."

END

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## THIS MONTH'S GUEST ECONOMIST

## SHOULD EXCHANGE RATES FLOAT?

Each of the International Monetary Fund's member countries has to establish a formal relationship between its currency and gold or the U. S. dollar—the currency's "parity."

Each also must see to it that spot exchange rate quotations in its market stay within a 2 per cent band centered on the parity. A currency's parity is to be changed only when there is a "fundamental disequilibrium." Where the imbalance appears to have some prospect of being correctable, even though slowly, the correcting is supposed to be done through movements in the country's monetary reserves or by international borrowing, with no change in parity.

The focus of the drafters of the IMF's Articles of Agreement unquestionably was more on how to prevent unnecessary changes in parities, especially devaluations, than on how best to assure that needed changes would occur. This was largely a result of experience with beggar-my-neighbor devaluations in the 1930's.

World trade and foreign investment have flourished under the IMF system. Yet the system recently has been marked by recurring monetary crises, concern over the future of gold and the dollar, and a spreading web of government interference with the free flow of trade and money.

Some critics attribute the problem primarily to a failure of international liquidity, especially in the form of gold, to grow at a sufficient pace to satisfy nations' demands for monetary reserves. While not denying the liquidity problem, most economists be-

lieve that it probably can be solved by the new Special Drawing Rights Plan and that, in any case, it is aggravated by a more intractable problem, excessive rigidity of exchange rates. In their view, a currency's price must respond to changing supply and demand conditions—or imbalances will build up which will lead to distortions in the domestic and international allocation of resources, and to controls.

Why can't governments simply change their parities whenever appropriate under the present system, without any need for rates to float any more than they can within the presently-permitted 2 per cent band?

First, governments have displayed unwillingness to change their parities until the changes have become long overdue, because devaluations and revaluations are highly unpopular politically. And second, economists generally have more confidence in the market's ability to set an appropriate price on a currency than in government officials' ability and willingness to do so—except, perhaps, in periods of panic.

Why aren't floating exchange rates eagerly embraced by the political authorities, since it would relieve them of a politically unpleasant responsibility and transfer it to the impersonal marketplace? Well, for one thing, there is widespread fear in business and financial communities that if rates could float freely, they would bounce around erratically.

Most economists doubt rates would bounce very much, once an initial re-

alignment had been made. They point out that underlying demand and supply conditions affecting a currency normally change very gradually, and that buyers and sellers would see to it that market rates would stay in line with underlying real values. But, in the interest of caution and political acceptability, many economists are recommending much less than complete flexibility. They are proposing that rates be permitted to move freely only within a somewhat wider band than the presently-permitted 2 per cent—generally within a 6 to 10 per cent range.

Most such proposals also call for some mechanism for enabling the band itself (its position in relation to gold and the dollar) to shift, very slowly, upward or downward if a currency's exchange rate with the dollar persistently clusters at either end of the band. This generally is referred to as a "crawling peg" or "sliding parity" plan.

In addition, most proposals call for the dollar to remain tightly anchored to gold, while other currencies would be free to float around the dollar within their bands.

The system would have a number of advantages. Most importantly, it would permit adjustments in exchange rates to occur gradually, with minimum disturbance to international trade and finance—the opposite of the present system.

And domestic inflationary forces would become visible more quickly. As the exchange rate fell, imports would become more expensive and less effective in holding down prices of domestic goods. Thus, public pressure on the government to do something about the inflation should develop at an early stage. Under the present system, the rise in the domestic price level in response to inflationary forces is retarded by a stepped-up inflow of lower-priced foreign goods, tending to obscure the true extent of the inflationary forces and to delay appropriate responses.

The wider band system also would ease the problem of international liquidity; reserves are needed primarily to peg exchange rates which differ from what the marketplace says a currency is worth, so less pegging would mean less need for reserves.

Opinions expressed in this article are the author's, and not necessarily those of International Business Machines Corp.



# Who is this lady?



- A. Little Orphan Annie.
- B. The Jolly Green Giantess.
- C. The Statue of Liberty.
- D. Mae West.

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If you had to run a mile in less than six minutes, starting right now, could you do it?

If you were promoted into a job several steps up the ladder this afternoon, could you handle it?

Well, if you've conditioned yourself to run a mile, you can do it whenever you're called on.

It's the same with a job. If you've conditioned yourself to succeed, the bigger jobs will come. And you'll be ready for them.

The man who's committed to success won't allow himself to break stride, no matter how tempting it might be to "take things easy for a month or two." I learned this lesson in a painful way, through one of my best friends.

He had joined a small Midwest

manufacturing company about 15 years ago as a systems analyst. About the same time, another young man came aboard as an accountant. Both were aggressive, go-getter types.

About three years ago, both men were made department heads. At this point, my friend took a breather. He felt his achievement allowed him to take it a little easier and enjoy his newly-won position.

But his counterpart didn't feel he'd graduated to the easy life. He looked on his new position not as a victory won, but as a new battle to be waged. He figured that unless he tackled an area that had always been difficult for him—personally managing and motivating people—he would not be meeting the real demands of the new job. So he intensified his efforts, and mastered the personally troublesome job of managing people.

Last May 1, this man became executive vice president of the company, and heir apparent for the top spot. My friend still heads his department.

Over the years, our company has concentrated on identifying characteristics that separate successful men from the merely average. The first is a determination to set and meet personal challenges. What problems does the company have? How can you help solve them?

Some suggestions:

✓ Make time work for you.

An excellent way to determine just how effectively you use your time is to take any time-consuming job you have and try to accomplish it in half the usual time.

Another tested technique is the time log. Keep a close record for at least a month of how you spend your time. You can then identify the time wasters.

✓ Personalize corporate goals.

Transform company goals into a personal plan of achievement, so that through accomplishment of a company goal, you also increase your personal ability.

The company goal for a sales manager, for instance, might be to increase his company's quota by 20 per cent.

He can translate this goal into an opportunity to improve his ability to motivate his men through personal counseling, to learn more about sales training, or to structure a new kind of direct mail campaign. If his experience in any of these areas is limited, the company goal allows him to increase both his experience and his worth to the company.

✓ Set short-range objectives.

It's great to tell yourself that you will be a millionaire by the time you're 60, or that you will own a ranch in the country when you retire. But your career will progress faster when you set goals for yourself that are reachable in three, six or 12 months.

The best thing to do is to identify an area in which you feel weak, and make a definite plan to master it before the year is out.

As the Chinese proverb puts it, "The longest journey starts with a single step."

✓ Search out tough jobs.

Top managers notice the man who does more than he was hired to do.

One executive I know skips two lunches at least one week a month. He closes his office door and attacks the biggest problem he has at that particular time.

Whatever specific methods you use, the important thing is to keep challenging yourself. Tackle problems you haven't approached before. Delve into areas where your experience is light.

Resolve not to take it easy for five minutes. If you do, five minutes soon stretch into a day, then a week, then a year. And you'll be relaxing in the backstretch while the hard runners are sprinting past.

END

CHARLES BISBEE, author of this article, is president of International Marketing Corp., Norman, Okla. His firm specializes in sales training and self-development aids.



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## EDITORIAL

# A WORD TO THE WISE

In the pell-mell rush to overhaul the tax system, Congress might well pause to recall that way back in 1546, John Heywood's "Proverbs" solemnly warned: "Haste maketh waste."

Actually John was not the first with this idea. Back in the Fourteenth Century, Chaucer's "Canterbury Tales" said: "Ther is no werkman, what-so-ever he be, that may bothe werke wel and hastily."

Nor was John the last with the idea. Today's youngsters put it very succinctly:

"Cool it, baby!"

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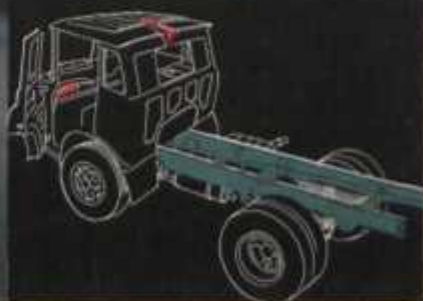


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